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ABSTRACT

The use of Aid to Families with Dependent Children (AFDC) funds for homeless families was the topic of this joint hearing. The focus was on federal laws which govern the ability of states to issue emergency housing assistance to needy families with children. Presently, states are matched at a rate of 50 percent when emergency assistance is necessary to avoid the destitution of the child. There is a 30-day annual limit on these matching funds. Testimony was given by members of Congress, mayors, and advocates for the homeless. Issues relating to amending the present law included the following: (1) the 30-day limit is unrealistic as proven by the large number of families who have needed aid well past this deadline; (2) the assistance funds could be used to construct permanent housing for these families if federal law did not prohibit this use; (3) the development of temporary housing plans is a humane alternative to the present system of using shelters; (4) if more temporary housing were made available it could be turned into permanent housing later; and (5) solutions to the housing crisis should include the involvement of not-for-profit organizations rather than profit-making businesses. (VM)

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ED308272

USE OF AFDC FUNDS FOR HOMELESS FAMILIES

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION

OF THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

AND THE

SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY

OF THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

SECOND SESSION

BROOKLYN, NEW YORK, MARCH 28, 1988

Serial 100–65

Printed for the use of the Committee on Ways and Means and the Senate Committee on Finance

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USE OF AFDC FUNDS FOR HOMELESS FAMILIES

MONDAY, MARCH 28, 1988

HOUSE OF REPRESENTATIVES, COMMITTEE ON WAYS AND MEANS, SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION, JOINT WITH SENATE COMMITTEE ON FINANCE, SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY,

Washington, DC.

The subcommittees met pursuant to call, at 10:30 a.m., at H.E.L.P., 515 Blake Avenue, Brooklyn, N.Y., Hon. Daniel Patrick Moynihan (chairman, Subcommittee on Social Security and Family Policy, Senate Committee on Finance) and Hon. Thomas J. Downey (acting chairman, Subcommittee on Public Assistance and Unemployment Compensation, Committee on Ways and Means) presiding.

[The press release announcing the hearing follows:]

FOR IMMEDIATE RELEASE
WEDNESDAY, FEBRUARY 24, 1988

PR #10
SUBCOMMITTEE ON PUBLIC ASSISTANCE
AND UNEMPLOYMENT COMPENSATION
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BLDG.
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-1721

THE HONORABLE THOMAS J. DOWNEY (D., N.Y.), ACTING CHAIRMAN, SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION, COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, AND THE HONORABLE DANIEL PATRICK MOYNIHAN (D., N.Y.), CHAIRMAN, SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY COMMITTEE ON FINANCE, UNITED STATES SENATE, ANNOUNCE A JOINT FIELD HEARING ON THE USE OF AFDC FUNDS FOR HOMELESS FAMILIES

The Honorable Thomas J. Downey, Acting Chairman, Subcommittee on Public Assistance and Unemployment Compensation, Committee on Ways and Means, U.S. House of Representatives, and the Honorable Daniel Patrick Moynihan, Chairman of the Subcommittee on Social Security and Family Policy, Committee on Finance, U.S. Senate, today announced that the Subcommittees will conduct a joint field hearing on the use of Aid to Families with Dependent Children (AFDC) funds to assist homeless families.

The hearing will be held on Monday, March 28, 1988, in New York City. The hearing will begin at 9:30 a.m. in the Ceremonial Court Room, Second floor, U.S. Court of International Trade, One Federal Plaza, New York, New York. In addition to taking testimony, the Subcommittee is expected to visit a temporary shelter for the homeless and an example of alternative housing for homeless families.

In announcing the hearings, Chairman Downey said, "Millions of AFDC dollars are being spent each year to house homeless AFDC families in temporary shelters. The problem in New York City is especially acute. This hearing will show us, first hand, the magnitude of the problem in urban areas like New York City. I hope it will also offer creative suggestions for reducing homelessness among AFDC families." Chairman Downey also said, "I am especially pleased that this will be a joint hearing with our Senate colleagues. If we work together, we can find a solution to this problem."

BACKGROUND

The Omnibus Budget Reconciliation Act of 1987 (P.L. 100-203), prohibits the Secretary of Health and Human Services, prior to October 1, 1988, from taking any action that would have the effect of implementing, in whole or in part, the proposed regulations published in the Federal Register on December 14, 1987. These regulations would have restricted the use of AFDC emergency assistance funds for homeless families and would have limited States' authority to make payments for special needs of AFDC recipients. The moratorium on promulgation of regulations is intended to give Congress an opportunity to determine whether, and how, the current AFDC statute should be amended to respond to the problems of homeless families.

Under current law, States may operate an emergency assistance program for needy families with children (whether or not eligible for AFDC), if the assistance is necessary to avoid the destitution of the child, or to provide living arrangements in a home for the child. The statute authorizes 50-percent Federal matching funds for emergency assistance furnished for a period not in excess of 30 days in any 12-month period. Current regulations state that Federal matching is available for emergency assistance authorized by the State during one period of 30 consecutive days in any 12 consecutive months, including payments which are to meet needs which arose before the 30-day period, or are for such needs as rent which extend beyond the 30-day period.

AFDC regulations also allow States to include, in their State standards of need, provision for meeting "special needs" of AFDC applicants and recipients. The State plan must specify the circumstances under which payments will be made for special needs.

Individuals and organizations interested in presenting oral testimony before the Subcommittees are asked to address the following issues:

- What is the appropriate role for the AFDC program to play in responding to the needs of homeless families? To what extent does the AFDC benefit level affect the number of homeless families?
- Should the AFDC statute and regulations be modified? If so, how?
- What would be the effect of the regulations proposed by the Department of Health and Human Services on States, localities, non-profit organizations and homeless AFDC families?
- What is the long-term solution to the problem of homeless families?

DETAILS FOR SUBMISSION OF REQUESTS TO BE HEARD:

Individuals and organizations interested in presenting oral testimony before the Subcommittees must submit their requests to be heard by telephone to Harriett Lawler [(202) 225-1721] no later than the close of business, Monday, March 14, 1988. The telephone request must be followed by a formal written request to Robert J. Leonard, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. The Subcommittee staff will notify by telephone those scheduled to appear as soon as possible after the filing deadline. Any questions concerning a scheduled appearance should be directed to the Subcommittee [(202) 225-1025].

It is urged that persons and organizations having a common position make every effort to designate one spokesperson to represent them in order for the Subcommittees to hear as many points of view as possible. Time for oral presentations will be strictly limited with the understanding that a more detailed statement may be included in the printed record of the hearing. **(See formatting requirements below.)** This process will afford more time for members to question witnesses. In addition, witnesses may be grouped as panelists with strict time limitations for each panelist.

WRITTEN STATEMENTS IN LIEU OF PERSONAL APPEARANCE:

Persons wishing to submit a written statement for the printed record of the hearing should submit at least six (6) copies of their statement by the close of business, Monday, April 4, 1988, to Robert J. Leonard, Chief Counsel, Committee on Ways and Means, U.S. House of Representatives, 1102 Longworth House Office Building, Washington, D.C. 20515. If those filing written statements for the record of the printed hearing wish to have their statements distributed to the press and interested public, they may deliver 75 additional copies for this purpose to the Ceremonial Court Room, Second floor, U.S. Court of International Trade, One Federal Plaza, New York, New York on the date of the hearing.

FORMATTING REQUIREMENTS:

COMMITTEE ON WAYS AND MEANS FORMATTING REQUIREMENTS FOR PRINTING OF HEARING STATEMENTS, WRITTEN COMMENTS AND EXHIBITS

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will **not** be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be typed in single space on legal size paper and may not exceed a total of 10 pages.
2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.
3. Statements must contain the name and capacity in which the witness will appear or, for written comments, the name and capacity of the person submitting the statement, as well as any clients or persons or any organization for whom the witness appears or for whom the statement is submitted.
4. A supplemental sheet must accompany each statement, listing the name, full address, a telephone number where the witness or the designated representative may be reached and a topical outline or summary of the comments and recommendations in the full statement. This supplemental sheet will not be included in the printed record.

The above restrictions and limitations apply only to material being submitted for printing. Statements and exhibits or supplementary material submitted solely for distribution to the Members, the press and public during the course of a public hearing may be submitted in other forms.

** CHANGE IN TIME AND LOCATION **

FOR IMMEDIATE RELEASE
MONDAY, MARCH 14, 1988

PR #10-REVISED
SUBCOMMITTEE ON PUBLIC ASSISTANCE
AND UNEMPLOYMENT COMPENSATION
COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES
1102 LONGWORTH HOUSE OFFICE BLDG.
WASHINGTON, D.C. 20515
TELEPHONE: (202) 225-1721

THE HONORABLE THOMAS J. DOWNEY (D., N.Y.), ACTING CHAIRMAN,
SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION,
COMMITTEE ON WAYS AND MEANS, U.S. HOUSE OF REPRESENTATIVES, AND
THE HONORABLE DANIEL PATRICK MOYNIHAN (D., N.Y.), CHAIRMAN,
SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY
COMMITTEE ON FINANCE, UNITED STATES SENATE,
ANNOUNCE A CHANGE IN THE TIME AND LOCATION OF THE
JOINT FIELD HEARING ON
THE USE OF AFDC FUNDS FOR HOMELESS FAMILIES

The Honorable Thomas J. Downey, Acting Chairman, Subcommittee on Public Assistance and Unemployment Compensation, Committee on Ways and Means, U.S. House of Representatives, and the Honorable Daniel Patrick Moynihan, Chairman of the Subcommittee on Social Security and Family Policy, Committee on Finance, U.S. Senate, today announced a change in the location and time of the joint field hearing on the use of Aid to Families with Dependent Children (AFDC) funds to assist homeless families.

The hearing, scheduled for Monday, March 28, 1988, will be held at H.E.L.P. I, 515 Blake Avenue, Brooklyn, New York, beginning at 10:30 a.m., instead of as originally announced. All other details of the hearing remain the same. (See Press Release #10, dated February 24, 1988.)

*****

OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN

Senator MOYNIHAN. May I say good morning to our guests, our witnesses and to my colleagues.

Will the audience please come to order.

This is a joint hearing of the Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means of which my colleague, Mr. Downey, is acting chairman and who will be cochairman of this meeting, a joint meeting of that subcommittee and the Subcommittee on Social Security and Family Policy of the Committee on Finance. I would like to welcome all of our guests.

I have a statement, which in the interest of the morning's proceedings, I will put into the record as if read, and I turn the gavel over to my colleague, Tom Downey.

[Senator Moynihan's prepared statement follows:]

Statement by

Senator Daniel Patrick Moynihan

Chairman

In his 1914 poem, "The Death of the Hired Man," Robert Frost wrote that, "Home is the place where, when you have to go there, they have to take you in." Can it be that upwards of two million of our citizens have no one to take them in? That hundreds of thousands of people in the richest country in the world are living and dying in squalid shelters, "welfare" hotels, on the streets? That countless others are doubled up in cramped quarters with relatives and friends and are at serious risk of finding themselves in the same predicament?

The Changing Face of Homelessness

In fact, the horror of homelessness is not an entirely new phenomenon in this nation. Colonial parishes drove homeless persons from their communities for fear they would become dependent on local alms. After the Civil War, discharged soldiers, Irish laborers, and others in search of work wandered the country as tramps and hoboes. Skid Rows, inhabited mostly by men, appeared in large cities.

But then, as now, the children were not immune. When catastrophe struck their parents, the children of the 19th century suffered. In his 1872 book, The Dangerous Classes of New York, Charles Loring Brace described the hordes of homeless boys and girls roaming New York City streets. He helped found the Children's Aid Society in 1853 to respond to the needs of these young, most vulnerable vagabonds. Today, 130 years later, the Children's Aid Society is still hard at it.

The Great Depression of the 1930s vastly increased the number of homeless. The Federal Emergency Relief Administration sheltered roughly 125,000 homeless people in transient camps in 1933. Refugees from the Dust Bowl wandered westward in nomadic caravans. Nationwide, there may have been over a million people without a roof to call their own.

And then relief came. Homelessness diminished rapidly with the onset of World War II. In the economic boom years that followed, it seemed we would fulfill the objective of the Housing Act of 1949. The Congress declared that as a matter of national policy, "...the general welfare and security of the Nation..." depended upon the "realization as soon as feasible of the goal of a decent home and a suitable living environment for every American family..."

It was not to be. There were still homeless people in the 1950s and 1960s, but fewer. Typically, they were older men. Some were very poor, trying to eke out a living on the new Social Security benefits (the minimum payment then averaging only $30 to $50 per month). Others were alcoholics. The rest were physically disabled or mentally ill or social misfits. Few of them actually lived in the street; most found shelter in cheap single room occupancy (SRO) hotels, aptly known as flophouses. All of them were socially isolated, cut off from family and friends.

Then something new started to happen. Beginning with the 1970s and accelerating rapidly in the 1980s, there has a been a resurgence of homelessness. The numbers of the new homeless rival the estimates for the years of the Great Depression.

The disabled men who drink too much, or use drugs, are still there. But their ranks have been swelled with disoriented people who mutter to themselves and, more recently, with young women -- their children in tow.

The new homeless are visible. The Skid Rows in which they once congregated are gone, gobbled up by urban growth. So those without a place to call home can be seen throughout our cities. And make no mistake, despite what the Reagan Administration chooses to believe, this is not a problem unique to New York City. Homelessness is a national problem, indeed, a national disgrace.

Perceiving the Problem

As with most social problems, however, our understanding of what has happened comes slowly. It seems as if some critical mass in human suffering must be reached before our public consciousness is collectively raised. We look up one day and suddenly find that children are the poorest of our citizens. Interest in welfare reform stirs anew.

We have now reached this point with homelessness. We look around and see people sleeping on steam grates and wonder why they are living in the street. Since 1983, there have been 30 odd studies of the problem and there is remarkable agreement about the findings: The new homelessness is primarily due to a severe shortage of affordable housing. Shelter deprivation, if you will.

The new homeless are not the Skid Row derelicts of yesteryear. The fastest growing group of homeless are young women with children. In cities across the nation, families with children (almost always single mothers), constitute one-third of the homeless. In New York City, they make up nearly two-thirds of the homeless! The new homeless are disproportionately black and Hispanic, as are recipients of Aid to Families with Dependent Children (AFDC).

Why the sudden appearance of younger people, especially families with children? With the demographic bulge of the baby boomers competing for jobs and housing, there are too many people with too little money fighting for too little housing that costs too much. Add to this the rapid increase in poor female-headed families and the steep decline in federal support for low-income housing (between FY 81 and FY 88 federal budget authority was slashed by 72%) and you have a recipe for disaster.

And while there are far fewer persons who are homeless because they are elderly and poor (increasing Social Security benefits have largely licked that problem), between one-fourth and one-third of the new homeless are mentally ill.

I know something about the latter. The advent of drug therapy for the mentally ill in the 1950s launched the era of "deinstitutionalization." We had a treatment. We could help those who were ill on an out-patient basis, at community mental health centers, rather than lock them away in state mental hospitals.

On October 31, 1963, in one of his last acts, President Kennedy signed into law The Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963. I served on the President's task force that developed this legislation. We knew exactly what we wanted: One community mental health center for each 100,000 persons, to be built at the rate of 150 a year, so that by the year 1980, there would be 2000 such.

Now here is the point. We only built about a third of the number we set out to build, 768 to be exact. By the standard of our original legislation, New York State should by now have 170 Community Mental Health Centers; we have 44. New York City should have 73; we have 14. The streets have replaced the hospitals we emptied and the centers we never built.

Solving the Problem

We know the problem is big -- as many as two million homeless people nationwide. In March, in New York City, there are nearly 28,000 men, women, and children receiving emergency shelter. This includes 5,200 families with nearly 11,000 children! Nearly one-fifth of those families are here in Brooklyn.

We also know what we ought to do. Over the long-term, we have to provide the necessary incentives to rebuild and expand our housing stock. In the 1986 Tax Reform Act, Representative Rangel and I worked to include a provision that would include tax incentives for the construction of low-income housing. In this session of Congress, we must make sure that the technical problems with that provision are worked out.

But incentives for private development won't be enough. The federal government must not abandon the objectives it set for itself in the 1949 Housing Act. We must recommit federal funds to build and rehabilitate low and moderate-cost housing. We must foster innovative, public-private partnerships, such as HELP I. We must build the Community Mental Health Centers that President Kennedy envisioned; I have just introduced legislation toward this end. We must address the larger issues of unemployment and under-employment, as well as the problem of working for wages so low that there is no escaping poverty.

Even if we could enact all of these policies into law tomorrow, it would take years before things start to improve. We must confront the current crisis. No man, woman, or child should be condemned to the streets. We <u>can</u> provide clean, safe temporary housing. We have evidence. We are sitting in it.

Welfare hotels have to go. Children die in them. There are no acceptable explanations or excuses. Period.

Finally, we can at the very least, avoid making things worse. To wit: We should not further reduce federal support for housing programs (as the President's FY 89 budget proposes), nor should we reduce or terminate federal financial support for emergency shelter. I refer to the AFDC-Emergency Assistance (EA) and "special needs" funds that eleven states use to shelter the homeless, 10 states use to prevent evictions that could lead to homelessness, and that 18 states use to avert other emergencies that threaten family living arrangements.

Indeed, not only should we preserve the states' options to use AFDC-EA and "special needs" funds for emergency shelter costs, we should permit states to use at least a portion of these funds for the construction and rehabilitation of permanent housing for homeless AFDC families. Representative Schumer and I have introduced legislation to this effect. I have also included such a provision, on a pilot-test basis, in our welfare reform bill, the Family Security Act (S. 1511). A very similar provision is in the welfare bill already passed by the House (H.R. 1720).

We will be struggling with the problems of homelessness for some time to come. The present Administration has succeeded only in making a bad situation desperate. The next President and the 101st Congress will have to pick up the pieces. Let us hope that what we hear from our distinguished witnesses today will help us to help the millions of our citizens who are without homes.

OPENING STATEMENT OF HON. THOMAS J. DOWNEY

Acting Chairman DOWNEY. Thank you, Mr. Chairman. You can tell that we are joined today by a number of our colleagues, all of whom I suspect will want to make brief statements, and I ask them to be brief. I have a short statement that I would like to make at this time, Mr. Chairman.

Thousands of American children woke up this morning in a welfare hotel. They live in Boston, Newark, Detroit, Los Angeles, and here, in New York, in cramped, often unsanitary rooms, in buildings that many adults would be afraid to enter. Their parents can't cook them breakfast and they have no place to play. Ironically they are the lucky ones. Some homless children don't know from one day to the next where they will spend the night.

In the past week the networks, with two major broadcasts, have helped to dramatize a problem we can see on our streets but have often ignored. We can't afford to ignore it any longer. Instead we must begin the process of change. We must stop blaming the children for their plight and begin to look for solutions. We start by looking at the causes of the problem:

There is no low-income housing program left in this country. In many parts of our Nation safe, affordable housing does not exist for poor families; restoring it will take time and political will. Welfare benefits are inadequate to keep a roof over their head and food in the mouths of America's poorest children. What limited dollars there are shrink with each passing day. Reversing this trend will be extraordinarily difficult, as we know, Mr. Chairman.

The real tragedy is that ending homelessness among families does not await the development of new technology or medical breakthroughs; it is a problem whose solution is clearly within our reach. There is nonetheless a temptation to be overwhelmed by its magnitude. The sordidness of the conditions in hotels blinds us to the possibility for change. In truth, there are many options. Our best minds should be applied to the task. Graham Green once wrote: "There is always one moment in childhood when the door opens and lets the future in." For too many children, that door is covered with layers of peeling paint, and a room rate card on the back. Let us not nail that door shut.

Thank you, Mr. Chairman. I recognize at this point Mr. Rangel for the purpose of making an opening statement.

OPENING STATEMENT OF HON. CHARLES B. RANGEL

Mr. RANGEL. Thank you, Senator and Mr. Chairman.

As we fight the war against international drug trafficking and smuggling, some people argue that we should deal with the source countries, others with interdiction, others with sound law enforcement. Of course we all agree that it takes education. Yet, over the years, one would wonder why would a human being want to pierce his arms and his legs with this poison, these poisonous needles? What is it that would cause young people at the height of their youth to want to take cocaine and poison their minds and their bodies?

I suspect that without an opportunity to get away from where they are forced to live in the dilapidated housing where they

cannot bring friends and families—with rats and roaches—to see them in these welfare hotels, kids without any direction, without any hope, without any jobs, without any future, then the question is that why should they say no if they are trying to rid themselves of the horror of the life that they live?

This occurs in every major city throughout the United States, and indeed in the shadow of our Nation's Capital and the White House; but I think what is more obscene is that not only are these our children and the next generation and our future leaders, but they are our senior citizens, they are our youth, they are our war heroes, and there are those that are supposed to be our heroes for the future. And it is the Government, our Government, that finds that it is our fingerprints that is on their future. We own the buildings; we provide for the slums; we design the regulations; and we make it difficult to change these things.

At these hearings today we will have Members of the House and the Senate, members of the State legislature, our mayor and other mayors coming together saying, "We may not be able to win this battle, but certainly as it relates to those who are involved as public officials, let us not be included among the slum lords." Let not those in Washington be included among those who make it impossible to improve the situation. Where we are today shows that it can be done. People can be creative and they can take limited resources and provide decent housing. I hope we find the answer for some of the remaining problems through these hearings.

Thank you, Mr. Chairman.

Acting Chairman DOWNEY. Mr. Green.

OPENING STATEMENT OF HON. BILL GREEN

Mr. GREEN. Thank you, Mr. Chairman. I too have a long statement which I should like to insert in the record, and so I shall just make a few remarks.

I should like to thank you, Senator Moynihan, and you, Congressman Downey, for holding the hearing today. I am here today to say that I am aware of the welfare hotel horror. Some 40 percent of the families in welfare hotels are in my district. I hope that with the aid of legislation that I have just introduced there will be fewer and fewer families subject to the indignities of living in welfare hotels.

The city has long promised that welfare hotels would only be temporary quarters, but temporary in New York can mean many months or years. Last year the Federal Department of Health and Human Services moved to cut off about $70 million annually in Federal aid because it argued that emergency funds are designed for brief hotel stays and should not be used for stays of a year or more. Those of us who represent the city in Congress prevented that cutoff until next October. Because it was decided that that should go on the reconciliation bill rather than the continuing resolution, Senator Moynihan and Congressman Rangel play the lead role in seeing that that happened. But the budget axe remains raised. Federal taxpayers cannot be too happy about paying an average of $1,900 a month for a dismal hotel year after year because

New York City cannot come up with housing that would better serve the families at much lower cost.

Since the threat of a cutoff in Federal aid, the city has devised a 5-year plan for moving the families into better housing. I believe that the city has good intentions, but we also all know what can happen to 5-year plans. As Mr. Rangel pointed out in the Ways and Means Committee report on the fiscal year 1988 reconciliation bill, this is not solely a Federal responsibility, and his report language calls for, and I quote, "equal or greater effort at the state and local levels" to find appropriate solutions.

I agree and, therefore, I have just introduced legislation tying federal funding to a 5-year phase down by the city of hotel residency. Under the plan which I had discussed last year with Congressman Rangel and with Manhattan Borough President David Dinkins, both of whom have long expressed grave concern about the homeless families, the city would either move a specified percentage of families out of the welfare hotels or lose Federal aid for that percentage.

I am aware of the difficulty of obtaining new housing, so under my proposal the clock for the city does not start running for 2 years, during which time HHS would have to keep funds flowing unabated. But beginning in late 1990, that Federal aid would be eliminated for 25 percent of the preexisting welfare hotel population, and this cutback would increase by another 25 percent, into the next 3 years, until the problem was eliminated. That would mean the city would have to find alternate housing for the families or foot the bill itself for keeping the families in hotels past 60 days. The goal is to have long-term residency in the welfare hotels ended by late 1993.

On occasion I have even heard city officials say they would like the Federal Government to force them to take necessary but politically difficult actions, particularly in terms of siting housing for low-income families. This legislation should do that. It will help the city fight inertia and recalcitrance.

This legislation also has national impact in an attempt to find better ways to solve the problem of welfare hotels. It provides for demonstration programs whereby municipalities can encourage landlords to supply apartments by paying them at the high hotel rate for up to a year, then at a lower rate in exchange for a longer lease. The city tried such a program but ran into opposition with the federal administration. I think the Federal administration is wrong on that and the legislation would permit the city to move ahead with that experiment.

Also on the national level the legislation would prevent HHS from cutting off after 30 days emergency aid for homeless families' needs, including housing in other than hotel-type locations. That recognizes that the Federal Government has a responsibility to assist those who find themselves homeless, but the Federal Government should not be part of a system that would institutionalize and make permanent long-term use of welfare hotels.

Thank you, Mr. Chairman.

[The prepared statement follows:]

STATEMENT OF HON. BILL GREEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

First, I should like to thank Congressman Downey and Senator Moynihan for holding this joint field hearing on the use of Aid to Families with Dependent Children (AFDC) funds to assist homeless families. I welcome the opportunity to continue working with my colleagues in the Congress to find a solution to the problem of homeless families. This hearing is part of that process to find solutions, but let me say that I am not here simply to state the obvious: that the welfare hotels are a disaster for the families, for local communities and for society. That people can't live in dire conditions for years—families not able to cook a decent meal—adults lacking a cohesive social structure—children not being educated. Those of us from the New York delegation know those grim facts of homeless family life, and frankly, we all shoulder some responsibility for not solving this problem.

I am here today to say that I am aware of the welfare hotel horror and that I hope, with the aid of legislation that I have just introduced, there will be fewer and fewer families subjected to the indignities of living in welfare hotels.

The city long promised that the welfare hotels would only be 'temporary' quarters, but temporary in New York can mean many months or years. Last year the federal Department of Health and Human Services moved to cut off about $70 million annually in federal aid because, it argued, emergency funds are designed for brief hotel stays—up to 30 days—and should not be used for stays of a year or more.

Those of us who represent the City in Congress prevented that cutoff until next October, but the budget ax remains raised. Taxpayers can not be too happy about paying $1,900 a month for a dismal hotel room for year after year because New York City cannot come up with housing that would better serve the families at much lower cost.

Since the threat of a cutoff in federal aid, the City has devised a 5-year plan for moving the families into better housing. I think the City has good intentions. But we all know what can happen to '5-Year Plans'. We want the city to keep federal funding while moving families into decent housing. As Mr. Rangel pointed out in the Ways and Means Committee report on the FY '88 reconciliation bill, this is not solely a federal responsibility and the report language calls for an "equal or greater effort at the State and local levels" to find appropriate solutions. I agree, therefore I just have introduced legislation tying federal funding to a 5-year phase-down by the City of hotel residency.

Under the plan, which I had discussed last year with Congressman Rangel and Manhattan Borough President David Dinkins, who long has expressed grave concern about the homeless families, the city either would move a specified percentage of families out of the welfare hotels or lose federal aid for that percentage.

I am aware of the difficulty in obtaining new housing, so the 'clock' for the City does not start for two years, during which time HHS would have to keep funds flowing unabated. But beginning in late 1990, this federal aid would be eliminated for 25% of the pre-existing welfare hotel population and this cutback would increase by another 25% in each of the next three years. What this would mean to the City is that the City would have to find alternate housing for the families or foot the bill itself for keeping the families in hotels past 60 days. *The goal is to have long-term residency in such hotels ended by late 1993.* (Provisions are made for *new* families that enter the system so that the City is not penalized by any influx of homeless.)

On occasion we have heard city officials say they would like the federal government to force them to take necessary but politically difficult actions. This legislation should do that. It will help the city fight inertia and recalcitrance.

This legislation also has national impact in an attempt to find better ways to solve the problem of welfare hotels. It provides for demonstration programs whereby municipalities can encourage landlords to supply apartments by paying them at the high hotel rate for up to a year, then at a lower rate, in exchange for a two-year lease. The city has been trying such a program, but ran into opposition with the federal administration. HHS does not want to pay hotel rates for apartments, but I feel that as a means of moving families into mainstream housing, that is a reasonable experiment.

Also, on the national level, the legislation would prevent HHS from cutting off after 30 days emergency aid for homeless families' needs, including housing in other than hotel-type locations. This recognizes that the federal government has a responsibility to assist those who find themselves homeless but should not be part of a system that would institutionalize long term use of welfare hotels.

Acting Chairman DOWNEY. Mr. Weiss.

OPENING STATEMENT OF HON. TED WEISS

Mr. WEISS. Thank you, Mr. Chairman. I too have a prepared statement which I will ask permission to enter into the record in its entirety. And Senator Moynihan and Chairman Downey, I want to express my appreciation to you for convening these hearings.

We all remember that about 2 years ago President Reagan expressed shock at the fact that the city of New York was expending $37,000 a year, he said, on hotel rooms to house families. When Congressman Schumer and I introduced legislation which now, with your support and that of Congressman Rangel, has been incorporated in the welfare reform legislation, the President opposed that bill which simply would have allowed flexibility to use that money for other than for hotel rents. The callousness of the Reagan administration toward this problem has never been more clearly demonstrated. Hopefully these hearings and your efforts, Senator Moynihan and Chairman Downey, will in fact result in providing cities across this country with greater flexibility in providing funding for the creation of standard housing and renovation of housing.

Thank you, Mr. Chairman.

[The prepared statement follows:]

PREPARED STATEMENT OF HON. TED WEISS, CHAIRMAN
HUMAN RESOURCES AND INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS
AT A JOINT HEARING BEFORE THE SUBCOMMITTEE ON PUBLIC ASSISTANCE
AND UNEMPLOYMENT COMPENSATION OF THE COMMITTEE ON WAYS AND MEANS
AND THE SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY
OF THE COMMITTEE ON FINANCE
IN NEW YORK CITY, MONDAY, MARCH 28, 1988

Chairman Moynihan and Chairman Downey, thank you for conducting this hearing on the use of public assistance funds to help homeless families. Nowhere is this issue more important than New York City, which has the largest number of homeless families in the country, and which uses more Aid To Families With Dependent Children (AFDC) emergency funds than any other locality.

New York City is currently providing emergency shelter to more than 5,000 homeless families, a more than 600 percent increase since 1978. The combined AFDC emergency assistance and special needs budget for homeless families will be nearly $260 million in fiscal year 1988.

The City has been forced to shelter homeless families, including thousands of children, in exorbitant, unsanitary, and unsafe welfare hotels, costing as much as $37,000 a year. Everyone agrees that this arrangement is unsatisfactory. But Federal regulations prohibit the use of AFDC funds for the construction or rehabilitation of shelter. The regulations also disallow the funding of permanent dwellings for homeless families.

We believe we have found a partial solution to the problem. I, with my colleagues from the New York Congressional Delegation, Representatives Chuck Schumer, Charles Rangel, and Tom Downey, and Senator Daniel Patrick Moynihan, have introduced a bill which would authorize a demonstration project using AFDC funds for the construction or rehabilitation of permanent housing. The localities that use these funds would be required to demonstrate that permanent facilities will be less expensive than the costs to the Federal Government of temporary shelter. The legislation would alleviate the main cause of homelessness, the scarcity of affordable housing, by creating permanent housing. Also, the legislation would reduce the costs of the AFDC Program at a time that record deficits are creating economic havoc.

The response to our proposal from the Reagan Administration typifies its insensitive and callous approach to the homeless crisis, which it refuses to acknowledge. Instead of assisting the Congress in strengthening a program designed to help homeless families, the administration sought to cut off AFDC funds to homeless families in New York City. Last August, the Department

of Health and Human Services proposed draft regulations that would have the effect of ending emergency Federal aid to homeless families. The regulations would have overturned a long-standing Federal policy that allows homeless families to remain in temporary shelters funded by the AFDC Program for longer than 30 days. The regulations would have also limited the use of Federal funds for special needs programs, such as shelters for battered women.

Fortunately, Congress passed a moratorium to temporarily prevent the issuance of these regulations in the 1988 budget reconciliation bill.

There are several reasons why we believe using the AFDC Program's emergency assistance components is the best way to alleviate the plight of the families living in welfare hotels and congregate shelters. First, the Emergency Assistance Program is the only Federal program already in place that can provide adequate financial support to the efforts of State and local governments to shelter homeless families. Second, by using this program, governments at every level are forced to engage in a constructive dialogue about homelessness. Such a dialogue will lead to the end of each government placing the responsibility for the homeless on someone else. Third, by using the existing Emergency Assistance Program, we will not be forced to ask Congress to create a new program for the homeless. Such an effort would be difficult with a President in office who has demonstrated a clear disinterest in the poorest of Americans, and who has opposed or attempted to undercut every proposed or existing program to aid the homeless.

Emergency assistance was created in 1967, long before the Reagan Revolution that sought to reverse the commitment of the U.S. to help our neediest citizens. The President insists that homelessness is a local problem, not a national crisis. In November 1986, the President said at a national news conference that he thought New York's spending of $37,000 a year to house a family in a welfare hotel did not make sense. Why doesn't someone build a house for that family, the President asked. We agree. Housing should be built with that money. It makes sense. But the reason local governments do not build houses with that money is because Federal law prevents them from doing it. The President has been advised of the problem, yet he has done nothing to correct it, and opposes all attempts to find a solution.

The investigation of homelessness has been a priority of the House Human Resources and Intergovernmental Relations Subcommittee, which I have the privilege to chair. The subcommittee has conducted four hearings and issued two reports on the Federal response to the homeless crisis. The subcommittee found woeful responses from every Federal agency. An Executive Branch Task Force, created to coordinate Federal assistance

efforts, received no cooperation from such agencies as the Defense Department, which reneged on promises to use vacant military buildings for shelter, and the General Services Administration, which controlled thousands of vacant buildings which could have been used for shelter.

While the Department of Health and Human Services drafted regulations to end Federal funds to New York's homeless families, it refused to use its authority to monitor the dangerous and inadequate facilities used in some localities for shelter. We are quite aware of the health and safety problems of New York City's welfare hotels, which have been well documented. But outside the City, similar, even worse abuses have occurred. A 1984 investigation by the Nassau County District Attorney found "serious deficiencies in the quality of shelter that is provided those seeking emergency housing." The District Attorney's investigation found that homeless families who the County had believed were sheltered at one facility were actually residing at a boarding home in another location. Both buildings were owned by the same absentee landlord. The building where the homeless families lived, was, according to the District Attorney, "a rat and roach infested building, with broken and boarded up windows and wall, with grossly insufficient and broken plumbing, backed up sewage and other severe structural defects. The rear basement door has been torn off, and the house is open to weather and other intrusions. Large and dangerous debris and abandoned automobile wrecks were scattered around the yard. In this house, fourteen separate people were required to live in four bedrooms, with as many as four persons to a small room. One man was placed in the attic."

The District Attorney found similar problems at shelters across Nassau County and concluded that, "Clearly, the various levels of government are working in conflict. Public monies should not be spent to subvert public statutes. While the Nassau County Department of Social Services is under immense pressure, both legal (from Federal and State judges and officials), as well as personal (from daily crises of the Department of Social Services clients themselves), to use an available shelter for Department of Social Services clients, bureaucratic responses, however seemingly practical, are no substitute for fulfillment of the law." This comment can be appropriately applied to local social service agencies everywhere in the country that are trying to find shelter that simply does not exist for the increasing hordes of homeless families. There is no existing alternative to this horrendous system. We must create one.

We cannot replace the shelter system overnight. In the interim, there are stopgap measures we can take to improve the system. I would like to see a non-profit organization take over the welfare hotels and manage them in a more adequate, less costly manner. Or perhaps in lieu of such a move, the City can

adopt more stringent standards for the current welfare hotels and shelters that would make them cleaner and safer. If the owners of these hotels are allowed to gouge the taxpayers, they should at least be forced to provide better services. I want to make clear that, although I believe the current welfare hotel system must be replaced, the concept of Single Room Occupancy units, SRO's, should not be abolished. Often, and especially in New York City, SRO's are the only affordable type of residence for poor people. I see nothing wrong with maintaining adequate SRO units for needy citizens, but not the type currently being used to house homeless families. They are a disgrace.

The facility we are in now is an example of the positive work than can be accomplished on behalf of homeless families when innovative approaches are used to create shelter.

That concludes my statement. Thank you, Chairmen Downey and Moynihan. I look forward to working with you, other members of your subcommittees, and members of the New York Delegation in the future.

Acting Chairman DOWNEY. Next, I recognize Mr. Schumer.

OPENING STATEMENT OF HON. CHARLES E. SCHUMER

Mr. SCHUMER. Thank you. Again, I also add my thanks to Senator Moynihan and Chairman Downey for holding this hearing and ask unanimous consent that my whole statement be read in the record.

Acting Chairman DOWNEY. Without objection.

Mr. SCHUMER. Let me say that to me the problem of homelessness is one that I have been concerned about and working on for many years now. It illustrates the classical problem in American politics, which is becoming more and more a problem, and that is the dichotomy between image and substance. We have all had the images of homeless families, homeless people seared into our brain in the last few years, and that is extremely important. At a hearing that I held, and many members were present, we heard testimony from a girl named Cheryl Reis, an honor student at one of the city's finest high schools, about how she struggled in a small little welfare hotel room, with five other people living in the same room, to keep up her grades so that she might stay in the honors program, get into a good college, and escape the trap that she and her family now find themselves in. So we know the problem.

The challenge for us as a society is to find the solutions to those problems, to somehow connect the images that we all care about and we all feel for into substanive policy solutions. These hearings are very appropriate for that. One solution is around us. Through the work of Andrew Cuomo, the Red Cross and so many other participators it shows it can be done. Just a simple comparison between a room here and a room in one of the city's welfare hotels is stark, dramatic and, in fact, hope inspiring. It gives us hope for the future, that we can get there.

The second thing we have to do is go back to the dry, laborious process of drafting legislation that allows the moneys that now flow into the welfare hotels, through no fault of the cities, into projects like this, and into permanent housing. As Congressman Weiss mentioned, he and I introduced legislation that would allow this money to be introduced. Through Chairman Downey's help, and Congressman Rangel's help, it has passed the House and is part of the welfare bill, and Senator Moynihan has promised and pledged, and his pledge is very good on these things, that if we get a welfare bill in the Senate, it will be part of it and thus can become law. And so there is some hope.

The purpose today of these hearings, and a very justifiable and real purpose, is to galvanize action, not just behind the sympathy, which is a real and natural reaction, but behind the legislation that Congressman Weiss and I and Senator Moynihan have introduced, and other pieces of legislation that I know Congressman Green, Congressman Rangel, Chairman Downey are considering, so that we can indeed, 3 or 4 years from now, not have welfare hotels, but point to projects like this and permanent housing. As I drove by here I passed the Nehemiah Project, another beacon of hope, right in this same area, so that we can once and for all galvanize

the energy behind the images into substantive action and a hope for the future.

Thank you, Mr. Chairman.

[The prepared statement follows:]

STATEMENT OF HON. CHARLES E. SCHUMER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

I want to start by thanking the two distinguished chairmen, Chairman Downey of the House Subcommittee on Public Assistance, and Chairman Moynihan of the Senate Subcommittee on Social Security and Family Policy. These hearings are timely and they are extremely important to concerned officials from every State in the Union. I very much appreciate the invitation to join you on this distinguished panel.

The problem of homelessness is not new to any of us. Earlier this year, I held hearings here in New York City as chair of the Budget Task Force on Homelessness and Housing. One of the witnesses was Andrew Cuomo, the creator of the HELP project, where the distinguished chairmen have chosen to convene this hearing. In that hearing, and in an earlier hearing I held in Washington, we examined the inextricable link between the housing budget cuts and the increase in families suffering from homelessness. The conclusion was not surprising. The Reagan admininstration has created a simple and destructive equation—decrease housing, increase homelessness. They do not seem to understand that increasing the number of vouchers will not add to the stock of affordable housing. This is a strange omission for a supposedly supply-side administration.

As a member of the Budget and Housing Committees, I have directed my ire largely at OMB and HUD, the two main partners in the dismantling of America's housing programs. Now, I am afraid, I must widen my horizons and add the Department of Health and Human Services to the list.

We can all agree that the welfare hotels are a horror. Nobody would contend, least of all New York City administrators, that these hotels are suitable places for children. Psychologists have documented the severe distress children suffer by living in places where drugs are readily used and dealt and space to play and study is practically nonexistent.

But what would Mr. Stanton have us do, throw these families on the street? His decision to restrict the use of emergency assistance and special needs funds to 30 days is tantamount to exactly that. Be perfectly clear about that, Mr. Stanton, your policies will result in an increase of thousands of families on the streets in cities all over the country.

We understand that you deplore the use of AFDC money to pay for welfare hotels that can cost up to $1,800 per family per month. We in Congress share that concern. The hotels are a disgrace. Run by slumlords who are getting rich in the process, they are expensive, dilapidated, and cramped. In New York City alone, the Federal, State, and local governments spend over $100 million to house families in these disgraceful surroundings.

Why don't cities like New York use the millions of dollars they are now spending on temporary welfare hotels to build permanent homes for the homeless?

The answer is simple. Current Federal law makes such a wise policy illegal. Cities like New York would love to leave the scandal of welfare hotels behind them, but Federal laws gives them no choice.

The good news, however, is that a simple solution is available. Mr. Stanton, I would like to see you appear before Congress to support the bill that Senator Moynihan, Congressman Weiss and I are working so hard to pass that would allow cities to use emergency assistance funds to build permanent housing. Such a bill has been included as a part of Chairman Downey's Welfare Reform Act, and is being considered as a part of Chairman Moynihan's bill. I call on Mr. Stanton to lobby House and Senate Republicans, and President Reagan, to support these efforts.

The homeless problem can be solved only by increasing the supply of affordable housing. Our bill will use these funds directly to achieve that end.

Finally, let me note that the Schumer-Weiss-Moynihan bill is not the only solution being offered. The city of New York has a program, called EARP, the Emergency Assistance Rental Program, in which the city offers landlords a rent equal to 8 months of welfare hotel-size rents. In some cases, this is given as an upfront subsidy in order to help the landlord rehabilitate the apartment. In exchange, the landlord must accept a homeless family on AFDC for an additional 32 months at the standard AFDC shelter allowance of $286/month. This program results in average rents

of $588 per month, a paltry sum compared to the $1,800 New York is presently spending.

This is clearly a move in the right direction, but HHS has called this program improper, and is demanding that New York return close to $20 million that it has used to fund the program. Mr. Stanton, what is it you really want?

In closing, let me reiterate that nobody favors paying welfare hotel slumlords. New York has already developed plans to phase such institutions out of the picture by 1992. But we must give cities across this Nation the time and flexibility to develop alternatives. Cutting off Federal funds, as Mr. Stanton suggests, will simply make more serious a national homelessness problem that has already reached epidemic proportions.

Acting Chairman DOWNEY. Thank you, Mr. Schumer.

OPENING STATEMENT OF HON. EDOLPHUS TOWNS

Mr. TOWNS. Thank you very much, Chairman Downey and Senator Moynihan.

I am very pleased that the Senate Finance Subcommittee on Social Security and Family Policy and the House Ways and Means Subcommittee on Public Assistance and Unemployment Compensation have come to my congressional district today to address the important issue of social service delivery to homeless families. Senator Pat Moynihan and Congressman Tom Downey, through the years, have repeatedly demonstrated their commitment to improve the quality of life for disadvantaged and low-income Americans. So it is an honor for me, as the Congressman from the 11th Congressional District, to have you here along with our other New York colleagues.

It is no accident that New Yorkers serve as the chairmen for these two subcommittees. New York has generally demonstrated a commitment to social services. We can be proud of the compassion, generosity and creativity that New York State and New York City have demonstrated in addressing this issue. While other cities were busy passing ordinances to prevent the hungry from salvaging food from garbage cans, the State and local government in New York was attempting to meet the needs of people. Too often in our frustration to find a solution, we don't stop to acknowledge what has been achieved. Certainly, we could and should be doing more to help the homeless but we should also applaud the efforts that have been undertaken thus far to address the problem.

While today's hearings will focus on the use of AFDC funds to assist these families, if we are to address this problem with any seriousness we must be prepared to examine the range of services needed by the homeless: emergency food, job placement and/or training, and so forth. I hope that we will be able to also address these issues during the course of the hearing.

Families, of course, present special challenges in resolving the problems faced the Nation's homeless population. Resource allocation for AFDC is a major stumbling block in assisting these families. In 1986, one-third of poor U.S. families with children did not receive AFDC benefits. Even programs, which are designed to keep families intact, are underfunded. AFDC-UP, "The Unemployed Parent Program," allows two-parent families living in poverty to receive benefits, yet it only reaches 11 percent of the 2.3 million intact families with children living in poverty.

Last week's Nightline program on the problems of homeless families in welfare hotels, like the Martinique, in Manhattan portrayed, in very stark terms, the devastating impact that homelessness has on children in these families. Hotels, like the Martinique and the Brooklyn Arms, here in my congressional district, have become permanent "holding cells" which contribute to higher infant mortality rates, depression, hunger and illness among children. As a parent, I can empathize with the frustration of parents, who are forced, by necessity, to live in these hotels; yet, they are unable to protect their children from the crime and unsanitary conditions in these facilities. The feeling of helplessness, in this situation, must be overwhelming.

And the problem is getting worse not better. The U.S. Conference of Mayors' most recent survey on the homeless found that while Federal funding had dropped by 43 percent within the last year, homelessness has increased an average of 21 percent in 25 major urban areas. Families with children comprise the fastest growing group of homeless Americans. In New York, a third of the homeless are children and their parents. Yet, we seem unable to move much beyond the unsafe and overcrowded welfare hotel as a solution to this problem.

HELP-1, which we were able to tour this morning before the hearing began, offers an excellent housing model for families who are making the transition from homelessness to permanent shelter. Regrettably, it can only service 191 families. Nationwide, the demand for low-income housing assistance increased in 84 percent of the cities surveyed by the conference. No city had experienced a lessening of demand, and the average increase was 25 percent. The need for transitional housing cannot be overemphasized. The Select Committee on Children, Youth and Families heard testimony from a New York family who lived in a welfare hotel for 27 months before they could obtain alternative housing. Twenty-seven months is not unique to New York City. The average waiting time, nationally, for housing assistance is 22 months and 65 percent of the cities no longer maintain a waiting list.

So, while HELP-1 is a small effort, I believe that it is a giant step in the right direction. We are all hopeful that it will be duplicated successfully throughout the city. I look forward to the testimony by the State and city agency representatives as to how this program and future alternative housing strategies will be implemented.

Thank you.

Acting Chairman DOWNEY. Mr. Ackerman.

OPENING STATEMENT OF HON. GARY L. ACKERMAN

Mr. ACKERMAN. Thank you very much, Mr. Chairman, Senator Moynihan, and colleagues who have proven and shown their dedication to helping resolve this issue over the years. I do have a complete statement that without objection I would like submitted into the record.

Acting Chairman DOWNEY. Without objection, so ordered.

Mr. ACKERMAN. A few brief comments if you would allow me, Mr. Chairman.

First of all, if we take a look at what goes on in the city of New York, the capital of the world, we realize that the problem of homelessness, although it occurs in every town and village, seems to center in the minds of people as occurring in New York City because we have such a large number of people who are homeless, and that is just because we have such a great city that we have such great numbers of everyone and everything here. I think we would be remiss if we did not mention the great and tremendous efforts that our Mayor has put forth in this area since his tenure in office.

When you take a look at the fact that there are somewhat over 5,000 people who show up at homeless shelters, none of whom are turned away by the city of New York, 5,000 people is probably more people than the average city in the entire United States has as citizens, we have them as homeless in our city, and yet they are not turned away. That is not the final approach that we have to take to solving this great dilemma that we face in this city and throughout the country. The problem has to be in permanent housing and that is one of the things that those of us who are up here have to look towards. I spent some time back in the days when I was in the New York State Legislature as a homeless person wandering through the system, and one of the things that I found, and one of the things that I am looking for in trying to figure out how we have gotten here and where we go from here, is that the people who are basically living out in the streets are bankrupt, and it is not just a financial bankruptcy that we are looking at, it is a spiritual bankruptcy, it is a bankruptcy of hope. They do not have a centilla of evidence in their recent experience that they will somehow be able to come out of the dilemma they have gotten into.

If you take a look at this beautiful setting that we have had the privilege of touring this morning, I think that what this will do throughout that darkness of the homeless experience that these people are going through, is to provide that little bit of light, that little bit of hope that will rekindle and restore some of their sense of individual dignity. Because the answer isn't really an apartment or a roof or a shelter, the answer to the long-range solution is restoring human dignity to people so that once they are able to be assisted in getting back on their feet, they will stay on their feet. And I think that what Andrew Cuomo has done here in this magnificent place is to provide the basis for that restoration of dignity to human beings who have had that depleted. It is up to those of us who are here to now provide the bootstraps by which they can help lift themselves up in the form of permanent housing once they get past this initial stage.

Thank you.

[The prepared statement follows:]

Statement by Congressman Gary Ackerman

Submitted for the joint hearing held on March 28, 1988, by the House Subcommittee on Public Assistance and Unemployment Compensation and the Senate Subcommittee on Social Security and Family Policy on the use of AFDC funds to assist homeless families.

The Congressman will sit with subcommittee members and question witnesses

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I want to commend my distinguished colleagues Senator Moynihan, Chairman of the Senate Subcommittee on Social Security and Family Policy, and Rep. Downey, Acting Chairman of the House Subcommittee on Public Assistance and Unemployment Compensation, for their leadership on the important issue of the use of Aid to Families with Dependent Children (AFDC) for homeless families. I appreciate being included in this morning's hearing. I also want to welcome our distinguished witnesses this morning who have directly experienced the hardships of being homeless, and those who have gained insight into the problems of the homeless through case work, program planning or litigation.

There is no question but that we are facing a long-term homeless problem. Here, in the Nation's largest city, which not surprisingly provides temporary housing to the largest number of homeless families, the problem is staggering and the caseload continues to rise. In 1978, there were about 800 families in the City's emergency housing. The system now serves about 11,800 different families over the course of a year.

Yet, in the wake of the rising tide of homelessness, desperately needed funding for Federal housing programs has been slashed by 70% since President Reagan took office in 1981. This abdication of responsibility is an outrage.

We are here today to discuss the use of AFDC emergency assistance funds for homeless families, as well as ways to reduce homelessness among AFDC families. Those of us from New York City understand the acute problem of housing homeless AFDC families in temporary shelters. Our efforts are once again being compounded, this time by the Health and Human Services Administration's (HHS) new regulations limiting Federal reimbursement for costs associated with providing shelter and services to homeless families for more than 30 days in any twelve-month period. Wayne Stanton, assistant HHS secretary, has indicated that the new regulations are designed to force New York City and other municipalities to rethink their policy of sheltering the homeless in welfare hotels. He contends that providing for the continuing needs of families should be done through assistance programs other than EA.

Like many of our nation's other cities, New York has been vigilant in its efforts to house the ever-increasing number of homeless families. While housing programs have been the hardest hit by Federal budget cuts, the City, in cooperation with non-profit organizations, has devised innovative ways of providing emergency housing and increasing the supply of transitional housing, with the ultimate goal of relocating homeless families to decent and affordable permanent housing. Still, over 200,000 families are on the City's waiting list for public housing. Under current law, it is illegal to use AFDC emergency assistance for the construction of permanent housing. Consequently, welfare hotels have been used out of absolute necessity, because no other shelter is available.

I don't believe there is anyone here today who wants to defend the current system, or who doesn't want an end to the use of hotels to shelter homeless families. But let's be honest about why an epidemic of homelessness is sweeping the Nation. The severe crisis we are experiencing is the result of seven years of President Reagan's policies of major cuts in Federal housing programs, decreases in job training, food stamps, health care, nutrition and other programs, as well as a refusal to keep AFDC or the minimum wage in line with inflation. As the disparity between rich and poor has increased, the so-called "safety net" has all but disappeared, and many Americans have hit the floor hard and are now homeless. These policies, combined with the loss of affordable housing and the retreat from building permanent housing, have dealt a severe blow to the hopes of homeless New Yorkers for decent, affordable permanent homes.

Last year on national television the President stated that the homeless are homeless "by choice." One of our accomplishments at today's hearing will be to dispel this callous myth and acknowledge that there is a direct link between the Reagan Administration's budget policy and the dramatic increase in homelessness. The major reason people are homeless is because we are not building homes. In 1979 we had 600,000 units of public and assisted housing. Today we have fewer than 80,000. The Department of Housing and Urban Development accounted for 7% of the Federal budget in 1978; this year it will amount to just 1%. While Federal revenue has increased overall by more than 89 billion, not one penny went to affordable housing. We don't have to look far to determine the causes of homelessness. Clearly, we can not continue to attempt to balance the budget on the back of those who are neediest in our society.

Nonetheless, in his 1989 budget plan, the President has once again proposed massive cuts in housing assistance, including the elimination of three housing programs for the homeless, deep cuts in an emergency food program for the homeless, and termination of a job training program for the homeless. As the homeless population in America is skyrocketing, it is a disgrace that the President plans to continue his seven-year policy of dismantling the Nation's housing programs.

During the past decade we have witnessed a tremendous outpouring of energy and commitment by volunteers across the Nation in response to the problems of homelessness, hunger and poverty. Our Nation's cities have become innovative builders of housing for the homeless. But these efforts alone cannot solve the basic social and economic problems that lead to homelessness. The new HHS regulations to reduce to 30 days the period for which Federal assistance is available for temporary housing for homeless families typify the Reagan Administration's approach to social problems. This change will deprive thousands of families of shelter, particularly in those cities with the most severe housing shortages, including New York.

It is time to address the social and economic factors that contribute to homelessness and renew our national commitment to decent housing for all Americans.

Acting Chairman DOWNEY. Thank you, Mr. Ackerman.

Senator MOYNIHAN. Before we turn to our distinguished witnesses, perhaps I might make a distinction about this hearing.

The problems of the homeless divide fairly clearly into those who are mentally ill and not cared for in community mental health centers, and welfare families who have lost their lodgings. In New York City the latter predominate, and here in this extraordinary development, that is the case also. Our hearing will not deal with the first group as our committees do not have that jurisdiction; on the other hand, with respect to welfare and welfare tenancy, this is our concern. The audience might want to know the proportions of the condition with which we deal: At any given time, 1 American child in 6 is, in effect, a ward of the Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means, which is chaired by my distinguished friend and colleague beside me, Mr. Downey, and the Subcommittee on Social Security and Family Policy, the Committee on Finance, of which I am chairman.

I say that again, 1 child in 6, 7.3 million on what we call welfare, which is title IV of the Social Security Act, and 3.3 on survivors insurance. Over time, 1 child in 3, 1 American child in 3, will be dependent on welfare or survivors insurance. It is an eventuality no one ever would have contemplated a half century ago, but it has come about and in its wake we have situations such as the present one. We are here as legislative committees. We deal with this matter, we are responsible for it. Our colleague, Mr. Rangel, is also a member of Ways and Means and is intimately involved as well.

So, to our witnesses, first, it is a great privilege, it is not every day that we get such a distinguished visitor to Bushwick, into Brooklyn, the very distinguished Senator from Tennessee, Al Gore.

STATEMENT OF HON. ALBERT GORE, JR., A U.S. SENATOR FROM THE STATE OF TENNESSEE

Senator GORE. It is my pleasure to be here, I appreciate your invitation, and members of the panel. I want to first of all thank you, Mr. Chairman, and my friend, Tom Downey, for jointly holding this hearing, and express my respect for all of the Members of Congress who are taking the time to delve into this very difficult and very vital subject.

At every level, Federal, State, city, and private sector, New York has done more to take on the toughest battles of our time than anyplace else I know of. Today I am delighted to pay tribute to programs with great promise and look ahead to the work that still needs to be done.

I have joined with you, Mr. Chairman, and with Congressman Downey many times before to call attention to the plight of the nation's poor and homeless. No Democrat has breathed more new life into the progressive social tradition than Tom Downey, and no one in America has spoken out longer or more eloquently on the importance of strong families and mutual obligation than has Pat Moynihan.

I become involved in the problems of homelessness several years ago when my own family became aware of this growing problem

through an experience that many millions of Americans have surely had by now. My wife was walking down the sidewalk in Washington, DC with one of our four children, and they walked past a man in rags who was crawling along the edge of the sidewalk. As frequently is the case, a child can see more clearly than an adult; adults sometimes grow numb from seeing the same sight too frequently and no longer express shock or surprise. Our child asked the question, "What is that man doing there?" That simple question provoked a series of discussions within our family, and over the past 3 years as a family we have become quite active on this problem.

I have conducted 13 major workshops on the problems of homelessness, and 2 years ago introduced comprehensive legislation called the Homeless Person's Survival Act of 1986. I would like to say, for the record, I worked very hard to find cosponsors. It was a bill that scared a lot of people because the awareness of homelessness was not yet at the peak level it is now. There was only one member of the U.S. Senate who was willing to sign on as a cosponsor, and I am proud that it was Senator Moynihan.

This legislation contained much that has since become law in other bills that we have cosponsored, including increased spending for transitional public housing and emergency relief for the homeless.

Americans in every State and in both political parties are troubled by the fact that as many as 2 million men, women, and children have fallen through the cracks in our conscience and spilled on to the sidewalks of every major city in the United States of America. In the past 12 months as I have campaigned across this country, I have seen great vitality and diversity, but I have also encountered the great tragedy of Americans living in the streets in almost every city that I visit.

My wife Tipper recently helped organize a national exhibit of photographs called Homeless in America, which opened 2 weeks ago in Washington and will be touring in New York over the next few months. I urge you to see it, the scenes are wrenching. Vietnam veterans camped in the woods outside Naples, FL, eating from the trash cans behind a Kentucky Fried Chicken outlet. A husband and wife in Bucks County, PA, who both work full time but have to live in their car with their three children. A baby lying in a shopping cart full of trash in the parking lot of a New Jersey motel.

It is not easy to forget the pictures in that exhibit, or the scenes one encounters every day in the streets of Manhattan or even in the park across Pennsylvania Avenue from the White House. The frustration for most Americans is not that they do not care to help, but that they do not know how.

That is one reason I am grateful for this chance to visit HELP-1. I want to commend Andrew Cuomo for the brilliant job he and others have done here. HELP-1 is a shining example of exactly the kind of innovative approach that we need to take toward homelessness in America. This project realizes that homelessness is not just a housing problem or just a poverty problem or just a mental health problem. It is a complex social problem that demands a comprehensive response. It is not just a seasonal or temporary emergency. When spring comes mental illness, chemical dependen-

cy, domestic violence and other related causes of homelessness don't just melt away. These people need a place to go. They need a place to live.

We cannot leave people in doubt from day to day about their family's future and then expect them to rebuild their broken lives. The homeless need more transitional housing. They need more permanent housing. There is a connection, Mr. Chairman, between the decision over the last 7½ years to cut low income and affordable housing budgets by 85 percent, and the sudden appearance of homeless men, women, and children on the sidewalks. There is a connection. These people need more day care and better health care and other social services to help them resume a decent life. They need job training. Most important, they need jobs.

One of the innovative features of this facility is that all of those services are available in one location. The people who come here for shelter do not have to spend every waking hour negotiating a complex maze of bureaucracy at the Federal, State and local level to find the various keys to the different services they need. They have day care located right here, with facilities for different aged children in this sheltered environment. Their families are safe. Access is limited. There is security for those who live here. On the same premises, the people who can tell them about education, job training, welfare, health care and the other services that they need can all be found very conveniently. And of course when they get ready to move on to permanent housing, they will find a much easier time doing that because all of the information is here.

It is our task to straighten out the laws that impede the creation of other centers and facilities like this one. We need changes in the AFDC law, and you will be hearing more about that throughout the course of this hearing. Why can't the reimbursements go to defray some of the cost of a facility like this one? We need changes in welfare reform, which both you, Congressman Downey, and you, Senator Moynihan, have taken the lead on. Of course, the other problems desperately need attention; for instance the war on drugs that Congressman Rangel has taken the lead on. So this really is an innovative facility and an appropriate place for us to talk about the advantages that are now necessary and the changes that are required to provide more housing for the Americans, because this facility is so good. With all of the restrictions and all of the inconveniences that any kind of facility has, if there is no place to go, then this facility will not play the transitional role that it needs to play. So this is a tremendous innovation, but we need to get to work in making more housing available so that transitional facilities will be transitional.

I hope that communities across the Nation will follow HELP-1's lead and Mayor Koch's lead and Governor Cuomo's lead, because on this issue, as well as so many others, President Reagan has refused to lead. After 8 years of the Reagan-Bush administration, the homeless and helpless are ready to come in from the cold. It is time to bring our Nation's conscience in from the cold. It is time to put government back on the side of the people who need it.

In closing, Mr. Chairman, let me add one final thought: In all of the visits I have made to homeless shelters and to different kinds of facilities, I am left with one image that is even more powerful

for me than the tragic image of those who are so helpless and in so much need. It is the image of individuals who, with some help, have patiently and slowly managed to rebuild their lives. Programs that are designed carefully can work. I have seen it with my own eyes. People who are so far down and so far out that no one had any basis for believing they would ever come back, have done so. They may start at first with a night job. They may have to learn social skills all over again, but it can be done and we must change the way we see homelessness in this country. Instead of seeing a homeless person as a burden, a liability, a drag on society, we must learn to see them as opportunities to have more productive members of our society. This facility is an important step forward toward that perception. It is time to put our heads together and find new ways like HELP-1 to help one another because that is the only way our people will gain the tools to help themselves. That is what the American dream and the American family are all about.

Thank you, Mr. Chairman.

Senator MOYNIHAN. Thank you, sir.

We do not normally allow demonstrations, but there ought to be exceptions made for such a distinguished visitor.

I should have noted, out of plain courtesy, that indeed Senator Gore, in the 99th Congress, introduced the Homeless Person's Survival Act of 1986. For those of us who are not as familiar with things in Washington as we are here, it should be recorded, he did in fact find but a single cosponsor.

Senator GORE. Courtesy conflicted with modesty.

Senator MOYNIHAN. One question only, sir, before we turn to my colleagues.

You mentioned the need to use existing legislative arrangements to provide permanent housing. Mr. Schumer mentioned the provision which is included in Mr. Downey's welfare legislation which say simply that instead of paying $25,000 a year to keep somebody rich out in Long Island and somebody poor in a welfare hotel, we would use some of these funds to buy permanent facilities. We were told that this would be one of the items that would cause the legislation to be vetoed. If it does pass and is vetoed and has to wait for the 101st Congress, would I take it that if all things went well, as you hope they do, and this bill passed again in the 101st Congress, it would be signed in the White House.

Senator GORE. I can guarantee it.

It is an outrage to put all of these problems on Mayor Koch, Mayor Flynn, the other mayors who are here, and pretend that we can cut the Federal Government's role by 85 percent and then expect the problem to go away. It is ridiculous. This legislation you referred to is one of the official steps to deal with the problem and I am strongly in favor of it.

Senator MOYNIHAN. Thank you, sir.

Mr. Downey?

Acting Chairman DOWNEY. Mr. Chairman, I think it is also important for our panel, and the witnesses and our guests to know that Senator Gore and Governor Dukakis are not here by chance today. This is a design of this subcommittee and your Subcommittee. The problem of homelessness is a human political problem, and all of the candidates for our Nation's highest office have been

invited. Senator Gore and later Governor Dukakis are the only two that were able to attend. But this is very much—and I want to direct my only question to you, Senator Gore—a problem of political will, is it not, and a problem of leadership? There is nothing too difficult in this sorting out of human problems or that can't be done if a President of the United States and a Congress, in conjunction with Governors and mayors decide to deal with it. I want to ask you directly, am I correct to assume that a Gore administration would spend the sort of money that would be needed for low-income housing? We—this committee—would make this one of our priorities and I would hope that your administration would as well.

Senator GORE. I think it is important to draw a distinction between problems that emerge because of some technicality, some bureaucratic foul-up on one hand, and problems on the other hand that emerge because of an absence of political leadership.

There are indeed technicalities and bureaucratic foul-ups that complicate the problems that cluster under the heading "homelessness," but it has come about primarily because of a failure of political leadership, an absence of political will. That is what has been missing. Now, when the people began to appear in such large numbers on the sidewalk, a lot of Americans started asking themselves, "What's going on here?" Well, the answers were not all that complicated. It took a little time to sort out all of the contributing factors, but we know what the problem is and we know how to solve the problem. We simply have not had the leadership and the political will.

One final point in response to this question: The costs of providing emergency shelter, emergency intervention and long-term social services for people who never find their way out of the system, exceeds the cost of a sensible effort to provide stable, longer term solutions. It is just a question of whether you are going to realize it, have the political leadership to solve the problem, or just let the problems get worse and allow the country to drift.

Senator MOYNIHAN. That's a very powerful statement. Mr. Rangel?

Mr. RANGEL. Senator, I know that you are just tired of people asking you the question, what is it that Senator Gore really wants? But since my chairman has framed a question of a Gore administration and since you, in a very sensitive way, indicated that the homeless should be viewed as resources and not as burdens, we should seek to find out what kind of contribution can they make to this great nation of ours, I assume that you will agree that it is not just a question of homelessness, but it is a question of hopelessness and lack of skills and lack of job opportunities, lack of training.

Senator GORE. Yes.

Mr. RANGEL. And so we will have to tackle this problem as this part of America that is going to cost us. An investment has to be made if we are going to get a return on this investment as a part of America and, indeed, the free world. Do you think that there is any way to tackle this problem, that is all of the social problems of the homelessness, and at the same time reduce the deficit which I know has to be a part of your administrations goal and objectives without looking at the tax structure, without providing the leader-

ship so that the American people will know that these are the things that we have to pay for through taxes.

Senator GORE. First of all, let me say that your comments on jobs are exactly on target. If you do a survey of the homeless adults in this country, as many people have, and ask them "What is your most basic need?" the response that comes in at the top of the list is jobs. "We need jobs and we need job training." One of the changes that Senator Moynihan and I worked for successfully in the law was to make it possible for job training programs to be directed at the homeless, notwithstanding the fact that they did not have an address. There was a problem in the law that someone who did not have an address could not get certain services, like job training. Well, that was part of their problem and we fixed that.

I think, obviously, we have to move in that direction. That is part of the comprehensive solution. I also want to underscore the point I made a moment ago. The cost of solving this problem correctly may not exceed of continuing with the current mess, which sees vast expenditures just to perpetuate the misery that many people are in and can't work their way out of.

In order to deal with all of these problems, yes, we may eventually have to have tax increases. I believe we have to first sort out our priorities, eliminate some of the incredibly wasteful expenditures that have ballooned under this administration in the SDI program, the Bradley fighting vehicle, $40 billion in unnecessary medical diagnostics, subsidies for junk mail, sales of Federal assets below their cost, and I think the American people want us to eliminate those wasteful expenditures as a top priority. I think we also have to look at structural changes which will save money in the Federal budget. But if those measures do not suffice, yes, we will need more revenue, and I have listed a series of measures as standby, tax revenue measures, in case the preferable ways to reduce the deficit do not suffice.

Mr. RANGEL. Thank you, Senator Moynihan.

Senator MOYNIHAN. Thank you.

May I welcome to our panel our good friend, Major Owens, who has been elsewhere in the district and has now joined us. We are following the early bird rule, so your time will come in a moment.

Mr. Green.

Mr. GREEN. Senator Gore, you mentioned, and you were quite accurate, the marked decline in Federal funding for creation of new and subsidized housing during the Reagan years. That is obviously true. The total number of units being subsidized per year has gone down, in terms of incremental units, and the program has been shifted enormously towards the voucher system as opposed to creating new units. What you didn't mention is that that trend did not start in the Reagan administration. In fact, if you look at the statistics, and I am pretty familiar with them because I used to be a regional administrator in HUD, the two Ford budgets proposed 400,000 units of section 8 housing for low and moderate income households, of which two-thirds, approximately, were for new construction or gut rehabilitation. By the end of the Carter years that was down to 200,000 additional units and by act of heavily Democratic Congresses, 3 to 2, 3 to 2, the ratio had been shifted to 55 percent existing housing versus 45 percent new housing.

You mentioned in your remarks that under the Homeless Persons Survival Act of 1986, there had been increased spending on public housing, but I haven't seen it and I am ranking Republican on that appropriation subcommittee.

Senator GORE. May I interject?

Mr. GREEN. Sure.

Senator GORE. That legislation did not pass. I didn't say there had been an increase under that, but some features of that have been incorporated in the emergency shelter provision, and some of the changes on job training and other services that I mentioned.

Mr. GREEN. Let me just read: "Much of that bill has since become law in other legislation I sponsored, including increased spending on public housing."

Now the fact of the matter is that some 3 years ago Congressman Eddie Boland, who is the chairman of the HUD and Independent Agencies Appropriations Subcommittee and I, as the ranking minority member, brought to the floor an appropriations bill which would have increased the funding level for public housing, new public housing, from 5,000 units to 10,000 units a year. Everybody knows the scope of the problem, and yet we got beaten and beaten rather handily on the House floor, and as you know the House continues overwhelmingly Democratic. That is all I have to say to you.

Given the fact that this trend has continued under Democratic as well as Republican administrations, given the fact that we have run into a stone wall in the House when we have tried to increase funding for public housing, why do you think you can reverse that?

Senator GORE. First, I recognize and respect the burden you bear as the only Republican member on this panel, and I respect it greatly, and I am keenly aware that your burden is even heavier than usual on the problem of homelessness.

Mr. SCHUMER. He's barely a Republican. [Laughter.]

Senator GORE. But you have attempted to provide some balance to the record, and I think that is most appropriate.

I believe that the political conditions in the country have changed rather dramatically where the problems of homelessness are concerned. Whereas 2 years ago when Senator Moynihan and I introduced our legislation we could not find others to join us in cosponsoring it, and the public opinion polls indicated that homelessness was very far down on the list of priorities for the American people, now those same polls indicate that the problem has leaped up to nearly the top of concerns volunteered by Americans when they are asked "What problems do we need to address?"

So I believe you are going to find in both political parties a new and increased willingness to see the kinds of initiatives that you have been associated with and have encountered difficulty with on the floor of the Congress. So I think you are going to see a new attitude as the Gore administration takes office.

Mr. GREEN. Let me make one suggestion. I think part of the problem, to be frank, and I am not here to try to embarrass you but really to shed some light on the subject, is that the homeless that the public sees is by and large the single adults on the gratings and in the parks. Federal housing programs have never dealt with that group; they have dealt with the elderly, the people over 62; they have dealt with families. They have not dealt with single,

nonelderly adults. And so I don't think the connection has yet been made in the public mind between the homeless problems they see and public housing.

Senator GORE. I would disagree just slightly, and I will do so briefly.

I would underscore remarks made by Congressman Schumer a moment ago.

I don't think the public's awareness comes only from the chance encounters with the single adult individuals on the sidewalk any longer. I think there have been widespread discussions and the portrayals of this problem in the news media, in the entertainment media—there have been movies about it, there have been magazine layouts, there has been an incredible amount of discussion on this problem. Churches and synagogues have had long-standing programs all over the United States. I think the American people understand that the image of an alcoholic bum, which used to be the image people had when they thought of homelessness, is not accurate. The image has to include that of a child who is an honor student in school but under tremendous burdens and pressures, of families, people from every walk of life. I think people understand that now and they are ready to move on it.

Mr. RANGEL. I certainly hope you are right, and I want to thank Senator Moynihan and Congressman Downey for holding this hearing which I hope will make that point clearly.

Senator MOYNIHAN. Mr. Weiss.

Mr. WEISS. Thank you, gentlemen, and I too want to express my appreciation to Senator Gore for his leadership and his commitment to dealing with this issue.

I don't recall the specific vote that our friend and colleague Mr. Green referred to by number, but I am willing to wager on the basis of past experience that the overwhelming percentage of Republicans in the House voted against his and Congressman Boland's efforts and that the overwhelming percentage of Democrats voted for it. That's the way things work on the House, but because the Democrats control it, it is easy then to say, "Well, the Democrats have the majority control, therefore, they are responsible for it."

Let me ask you a question, since you play this national role: There is still a lingering myth that homelessness is a problem that is related only to specific parts of the country and to large urban areas. Would you comment on that?

Senator GORE. I will be glad to.

When I got involved in it I decided to have a series of workshops across my State of Tennessee. We found that it existed not only in the large cities, Memphis, Nashville, Knoxville, Chattanooga, but in the smaller cities and towns as well. Cookeville, Tenn., with fewer than 20,000 people, has a homelessness problem. My home town, with 2,000 people, has had individuals who were homeless. In the rural areas you find homelessness. Anywhere you go in the United States of America you will find homelessness. In very small towns it is not uncommon. If you ask the police department, if you ask the social services leader, they will say, "Oh, yes, there are some people sleeping under the bridge out on Highway 27," or something similar. It is a nation wide problem in rural environ-

ments as well as urban environments, and in every location in this country.

Mr. WEISS. Thank you very much.

Thank you, Mr. Chairman.

Senator MOYNIHAN. Thank you, Mr. Weiss.

Mr. Schumer.

Mr. SCHUMER. Thank you very much and thank you, Senator Gore.

My question is this: I think there is a third reason that we haven't had the translation from the sympathy which, you correctly point out, is there, into programmatic solutions, and it is a problem which really bedevils all of us. Some of us, Congressman Green, myself, Congressman Rangel, on the tax end, have been thinking about this for years, and we know that it is so darn expensive to build housing. You know, food is essential, and maybe it costs $3,000 to $4,000 a year for food stamps for a family, but housing, at least even anyway you build it, ends up costing—well, public housing, $100,000 a unit, some of the others, $60,000 or $70,000 a unit. You are quite correctly regarded as having one of the most creative and incisive minds in Washington.

I am not asking for a definite discourse, but what would be some of your thoughts on how we could get those costs down? Because as long as costs stay at $80,000 or $100,000 a unit, as much effort as have, given the deficit and everything else, we are not going to be able to house all the people that need housing. It is not just the homeless in New York City, as I guess our mayor will testify; we have 100,000 people doubled up in public housing. They would rather live with another family in the same unit than go to a shelter or be out on the street.

So how do we deal with these cost problems? Do you have any initial thoughts on that?

Senator GORE. Well, we have a problem which has been described as the hidden homeless. For every individual you encounter in a shelter or on the sidewalk, there are many, many others who are living in very fragile circumstances, with a cousin, with an acquaintance, and some minor change in that family's circumstances will put them very shortly into a shelter or on to the sidewalk. So you are right in saying that the magnitude of the housing crisis extends far beyond the problem of homelessness, as large as that is.

Now, it is not new for this Nation to attempt to answer the question that you have put. After World War II we had a housing crisis. You say, how can we get the cost down? Well, the answer came in the form of very large Government intervention, and more than half of all new home purchases today still come about with the assistance of VA and FHA. We have seen the respected roles of VA and the FHA cut back dramatically during this administration. There may have been some cuts that began before, but nothing has taken place anything comparable to what has happened during the last 7½ years. So, as a practical matter, you have got to have an aggressive role played by the Federal Government in making it possible to create more housing units in this country. The "baby boomer" is now of child bearing and child rearing age, and we have a tremendous demographic crunch on the housing units that are available.

As you well know, every single year we lose so many units due to what used to be called urban renewal, due to development, due to decay, and they used to be replaced every year. What has happened during the last 7½ years is not very complicated really when you boil it all down. Every year we continue to lose those units, but they have not been replaced. And so people are on sidewalks and they are in with cousins, grandparents, et cetera. You have to beef up FHA, VA. You have to have new creative roles for the Federal Government. And let me say as a former homebuilder, I think you have got to bring interest rates down so that the private sector can contribute more directly to the stock of housing that is available.

Senator MOYNIHAN. Thank you.

Mr. Towns.

Mr. TOWNS. Thank you very much, Mr. Chairman.

Senator Gore, let me say at the outset, I appreciate your outstanding testmony.

You have made a comment that the time has come to put our heads together and find new ways to solve the problem. Could you expound on that just a little?

Senator GORE. Well, I think this facility here in your district, Congressman Towns, is a perfect example. You know, we find in so many communities the homeless put into emergency shelters that have a short time limit on how long they can stay there. They spend every waking hour going to knock on this Government agency's door or that department's door trying to find some way out of the maze that they find themselves in. Then the time limit runs out and they are forced to move out.

This facility represents a new way to approach the problem. All the services are clustered in one place; you have a long duration, averaging 6 months but no official time limit, but they can stay here long enough to rebuild their lives and get the services that they need. I think that is one of the new ideas that we need.

A second new idea comes from Congressman Downey and Senator Moynihan, let's change our welfare laws so that we don't have an incentive for one parent to leave the home; so that we don't have a disincentive for a welfare parent to get back on the work rolls because they are afraid their children are going to lose Medicaid if they do.

There are other ideas that others have advanced: What about having a more aggressive effort at literacy training? What about having more targeted assistance to provide child care so that not just the people who live in this facility but others will also be able to have their children in a safe and secure environment while they go out looking for jobs and getting the help that they need.

Those are a few of the approaches I would like to see used more aggressively.

Mr. TOWNS. Thank you very much.

Senator MOYNIHAN. Thank you, sir.

Mr. Owens.

OPENING STATEMENT OF HON. MAJOR R. OWENS

Mr. OWENS. Yes, Senator, I don't have a question; I don't want to belabor the questioning. I just want to make a few comments and

join Congressman Towns in welcoming you and the rest of the people here to this facility. It is only two blocks from the border of my congressional district also.

Senator GORE. Well, I think that gives you some bragging rights on this facility also.

Mr. TOWNS. Plus 5 percent.

Mr. OWENS. I want to applaud and congratulate the people who have brought it thus far, Andrew Cuomo and the American Red Cross and all the other people who are involved. And I was called at the inception of the project and asked if I would serve in some capacity on an advisory committee and I want them to know I am still ready, whenever they call a meeting, to serve in some capacity on that advisory committee.

I think you and all of the Democratic candidates who have taken strong positions on programs for the homeless, and I congratulate you, including Candidate Jackson who has been to Brooklyn several times to visit homeless children, and he has a strong position. I think all the other candidates do also. In general, you have good positions.

What I want to leave you with is the need for an expansion of our thinking. A complete breakout from the usual conventional thinking, but understand that this physical facility, this physical achievement here, as laudable as it may be, is only the beginning. The real challenge will be how will be abort a social disaster here? We have a dense concentration of poor people here; are we going to follow the usual pattern and in a year or two this facility would be the kind of place that the neighborhood surrounding it would be in rebellion to get rid of. That is a great challenge. This is going to be a model instead of what can be done with a dense concentration of poor people. Because we are willing to spend the money for operational costs, for organizing people, for giving support services to do the kinds of things that need to be done, which even after you add the money spent for organizing people and good support services, the costs would be far cheaper than welfare hotels. We would still be ahead of the game.

The problem is, and the conventional thinking is that we spend the money for the capital outlay. We spend the money for the physical facilities, and we neglect the programming that is going to be necessary when you have a dense concentration of poor people. I think we don't want to lose the initiative that can be gained. This problem is going to be with us a long time. This kind of shelter is going to be needed for a long time. I hope we can put the money forth to organize people and meet the challenge of human engineering so that we will be able to point to this facility as a model, to be able to build other facilities like this in other neighborhoods, that people won't be able to use what has happened here to support their resistance to the expansion of this kind of facility in other places.

I hope that we will all have that kind of wisdom and be willing to put forth the resources necessary to make it succeed.

Thank you very much, Mr. Chairman.

Senator MOYNIHAN. Thank you.

Senator, we have taken your whole morning, but it has been a great privilege and we thank you so much for being with us.

Senator GORE. Thank you, Mr. Chairman.

Acting Chairman DOWNEY. Mr. Chairman, I would point out that at the rate we are going we should finish sometime in the wee hours of this morning. The subcommittee will move a little bit more expeditiously.

We will next hear from three distinguished public servants, all mayors of cities: Hon. Edward I. Koch, mayor of the city of New York; Hon. Raymond Flynn, mayor of Boston; and the chairman of the Task Force on Hunger and Homelessness of the U.S. Conference of Mayors, the Hon. Art Holland, the mayor of Trenton, N.J., and the vice president of the U.S. Conference of Mayors.

Senator MOYNIHAN. Mayor Koch, will you begin, please?

STATEMENT OF HON. EDWARD I. KOCH, MAYOR OF NEW YORK CITY, NY, AND ON BEHALF OF THE U.S. CONFERENCE OF MAYORS

Mayor KOCH. I was just told this morning, Mr. Chairman, that the Senate budget chairman, Senator Chiles, is proposing a 10-percent cut in CBDG funds. The city got $168 million in those block grant funds last year and the city uses those funds to rehabilitate in rem housing for the homeless. So we strongly urge that you resist that cut.

Mr. Chairman, I am not going to repeat, if I can help it, anything that has been said to date because there is so much more to be said. What I would prefer to do is say that with all of the changes that we need to effectuate, and with all of the problems in the program, that everybody is aware of since there have been so many hearings on this matter, the city can take pride, and you, our representatives can take pride in the fact that since 1984 30,000 families have gone through our temporary shelters—30,000 families. At this particular moment there are 5,100 families in our various shelters, including hotels, and a couple of years ago 80 percent of them were in hotels and now it is down, I think, to 66 percent, and it is our commitment, over a 5-year period, to eliminate the hotels entirely.

I want to say, particularly to Mr. Owens, it ain't cheaper. Don't believe that this program at HELP-1 is cheaper than hotels, it is just that the services are better and the accommodations are better and, therefore, it is worth spending the money. But as it relates to the total cost, it is just as expensive. It is just that you get far better value for the people who will be living in the accommodations.

Now, people have said, and it is a legitimate question, the State of New York sets the monthly rates for families. For a family of four, a year or two ago the rate was $270 a month and now I think it is $308 a month; it is very hard to find apartments that will rent for that. Then people say, "Why don't you take some of the money that you are now spending on hotels and use it to supplement the rents?" A very rational question, a very rational approach. But the Federal Government said, when we tried to do that, that they wouldn't make the contributions. We have a program, it is called EAR—I don't even remember what it stands for—but what it does do is, it allows us to give to a landlord, over and above the rent

that we would pay, the $308, let's say, if he gives us a 32-month lease, that he will get $10,000 up front. And the Federal Government has said, "We won't pay our 50 percent." They were in there, then they said, "We are not going to pay any of it." So I think that the cost to them, up to now, if they had paid it, would have been $17 million, that's now shifted to the city and the State, which they should have been paying.

That program has not worked as well in terms of getting new apartments as you would think it would. You would think that people would be standing in line to pick up $10,000; in fact you would think the advocates would be yelling, "They're giving away money," right? I mean, that's normally what you hear. But the truth of the matter is that very few people have wanted it because we have put so many conditions on it. We have effectually said that the building has to be basically violation free. There are very few buildings in the whole State of New York, let alone the city of New York, that are violation free. So we are going to continue that program, even if it means the city and the state are going to have to bear the cost, but we are going to reduce the requirements of the landlords.

Now, Abe Biderman, I think, will be here, along with Bill Grinker, and they can get into the heart of it. They will explain the reduction. The reduction will have nothing to do with life threatening conditions—people who are going to be getting these apartments are going to be getting basically an apartment that you get, if you are paying your own rent elsewhere, when you don't go and say before you sign the lease, "Is this a building that has no violations on it?" We will require, obviously, the elimination of the violations that relate to heat and hot water and the other essentials as it relates to the use of that apartment, and then we would hope that we would get more apartments. But up until now, offering $10,000 has not brought in a lot of people. And that is exactly what people are suggesting that we do indirectly by subsidizing additional rentals. We hope under the new structure that it will work.

When Major Owens said that he liked these buildings, as everybody does, we will give you two of these if you will take them, Major, in your area, because we suspect that when we try to put it in your area, that your constituents are going to scream, and I am sure you will be there helping us.

That's the other aspect of this. No matter what people tell you, and no matter how many polls you see about "We have to do more for homeless people," and then "Isn't it sinful what we are doing?" I agree with that. We have to do more and it is sinful as it relates to what we are doing. Go try to get those people who answer that poll with their Christian, Jewish, good-will spirit to say the same thing when we have a proceeding to site it in their district. Then they do not want to hear about it. That is a major problem for us, the enormous resistance we face.

This particular facility—it looks terrific. And the services that we are going to be providing here, they are going to be terrific. It is very expensive; but we have to do it. We want to do it and we hope that the Federal Government will do its part as well.

The other thing I wanted to tell you is this: I told you 30,000 families have gone through our facilities in basically a 4-year period of time. What most people don't realize is that two-thirds of those families that come in will leave within the first year. Two-thirds within the first year. And of those families who leave in that first year, 80 percent find their own apartments. We are really only finding apartments in that first year for about 20 percent of the people. And if we were ever in a situation where we had to find apartments for everybody, it is impossible, absolutely impossible. But there are people who think that we must find apartments for everybody. In fact, there are people who believe that we ought not be building these, who believe that we should only be building permanent apartments, and that every family who comes into a temporary shelter of whatever kind, that when they leave that temporary shelter, that it will be the city of New York that will have provided them with their permanent apartment. Not doable.

Not doable in terms of apartments available; not doable in terms of dollars available on the part of the city. I want to tell you what the city is spending and then I will stop.

We are spending today, over a 10-year period, and it is in our capital budget, so it is not pie-in-the-sky. There are, of the $4,200 million budget, $350 million that will allegedly, ultimately, come from the port authority in some form or another; that is the only thing that is missing. Everything else is there. We will be creating over a 10-year period about 250,000 apartments, of which 85 percent will go to families whose income is $25,000 or less; 85 percent of the apartments, 85 percent of the dollars. Fifteen percent will go to families whose income is between $25,000 and $48,000, family income. Not rich people. The average salary in the city of New York for city employees is about $20,000. Two people are working and they don't even qualify in some cases for these apartments.

What we are doing is enormous. And on top of that we are building 4,000 apartments only for homeless families. It was about 3,000 when we first started this program about 4 years ago; last year it was 3,600, this year it is 4,000. We hope to increase it.

We have over the last 4 years placed in permanent apartments homeless families to the extent of 12,000 families or roughly 48,000 people. It is an enormous number. When we started that program there were only 2,200 families living in our temporary shelters. We now have 5,100 families living in our temporary shelters and we have placed in these 4,000 apartments a year about 12,000 people.

So we are without question in favor for expanding this kind of project. I think we would like to do about 17 more of them. Ultimately we will need your help. It cannot be done over night. No matter what the design is, it is going to take 5-years to accomplish this. If there is no change in the Federal law we are going to lose millions of dollars next year. You were very extraordinary in getting that through for us in the first year. Just for the record, we know you are doing it anyway. We couldn't have done it without you, whether it is Charlie Rangel, or you, Tom, or the Senator or anybody else. We could not have done it without you and it was

miraculous that you were able to do it. We are grateful. But we have got, somehow or other, to get it done so as to allow us to phase this all out over a 5-year period.

That's my period.

[The prepared statement follows:]

STATEMENT OF THE HONORABLE EDWARD I. KOCH
MAYOR OF THE CITY OF NEW YORK

THANK YOU, CHAIRMEN MOYNIHAN AND DOWNEY FOR INVITING ME HERE TODAY TO TESTIFY ON THE USE OF AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) FUNDS TO ASSIST HOMELESS FAMILIES.

I AM JOINED TODAY BY FELLOW MAYORS RAY FLYNN OF BOSTON AND ART HOLLAND OF TRENTON. IT IS OUR PLEASURE TODAY TO SPEAK ON BEHALF OF THE U.S. CONFERENCE OF MAYORS.

I'D LIKE TO PREFACE MY REMARKS BY RESTATING SOMETHING THAT YOU IN CONGRESS ALREADY KNOW AND SOMETHING THAT I BELIEVE IS RATHER OBVIOUS: HOMELESSNESS IS NOT JUST A NEW YORK CITY PROBLEM - - IT IS A NATIONAL ONE. IT IS A PROBLEM THAT AFFECTS BOTH URBAN AND SUBURBAN AREAS, BLACKS AND WHITES, REPUBLICANS AND DEMOCRATS. IT IS ONE THAT TESTS OUR NATION'S COMPASSION.

AND YET, IN SPITE OF THIS, WHAT HAS PRECIPITATED TODAY'S HEARING ARE THE HEARTLESS REGULATIONS ISSUED IN DECEMBER BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES. THESE REGULATIONS WOULD FURTHER EXACERBATE THE PLIGHT OF HOMELESS FAMILIES BY CUTTING OFF THE USE OF AFDC/EMERGENCY ASSISTANCE (EAF) FUNDS FOR STAYS IN TEMPORARY SHELTERS THAT EXCEED 30 DAYS AND ELIMINATING SPECIAL NEEDS FUNDS FOR EMERGENCY SHELTER. I WILL TRY TODAY TO EXPLAIN WHY WE NEED YOUR HELP TO ALLOW CONTINUED USE OF THESE FUNDS.

BUT FIRST, I'D LIKE TO GIVE YOU A BIT OF BACKGROUND ABOUT THE SCOPE OF THE HOMELESS PROBLEM HERE IN NEW YORK CITY WHERE WE PROVIDE SHELTER TO APPROXIMATELY 28,000 PEOPLE EACH DAY. NEARLY 11,000 ARE SINGLE ADULTS, AND THE REMAINING 17,000 COMPRISE OVER 5,100 FAMILIES. THESE FAMILIES INCLUDE OVER 12,000 CHILDREN WITH 5,400 UNDER THE AGE OF SIX. THESE NUMBERS REPRESENT A 300 PERCENT GROWTH SINCE 1983 WHEN WE SHELTERED 1,500 FAMILIES. ACCORDING TO A RECENTLY PUBLISHED SURVEY OF 26 MAJOR U.S. CITIES BY THE CONFERENCE OF MAYORS, NEW YORK CITY IS FAR FROM ALONE IN THIS DILEMMA. IN 25 OF THOSE CITIES, THE DEMAND FOR EMERGENCY SHELTER INCREASED BY AN AVERAGE OF 21% DURING 1987 ALONE.

IN NEW YORK CITY'S SHELTERS, WE SCREEN THESE FAMILIES FOR COMMUNICABLE DISEASES, TEND TO THEIR SPECIAL MEDICAL NEEDS, PROVIDE THEM WITH 3 MEALS A DAY AND OFFER CHILD CARE, NUTRITION COUNSELING, EDUCATION PROGRAMS, JOB TRAINING, AND REFERRALS TO PERMANENT HOUSING. WE MAKE AVAILABLE RECREATION FOR YOUNG CHILDREN AND TEENS, INTENSIVE SOCIAL SERVICES AND ON-SITE CASEWORKERS.

UNFORTUNATELY, BECAUSE WE LACK ENOUGH SUITABLE ALTERNATIVES, WE HAVE BEEN FORCED TO HOUSE THE MAJORITY OF THESE FAMILIES IN THE MOST READILY AVAILABLE FACILITIES - - HOTELS - - AT AN AVERAGE PER DAY COST OF $65 FOR A FAMILY OF FOUR. HALF OF THAT IS FEDERAL MONEY. THE COSTS TO PROVIDE EMERGENCY HOUSING ARE NOT MUCH DIFFERENT FOR OTHER CITIES AROUND THE COUNTRY. BELIEVE ME, WE MAYORS WOULD RATHER SPEND THAT MONEY TO BUILD PERMANENT HOUSING IN OUR CITIES THAN TO RENT HOTEL ROOMS, BUT FERERAL LAW PROHIBITS THAT.

IN SPITE OF OUR OWN FRUSTRATION WITH BEING UNABLE TO USE THESE MONIES MORE CONSTRUCTIVELY, WE IN NEW YORK CITY NOW HAVE A FIVE YEAR PLAN IN PLACE THAT, BY 1992, WILL VIRTUALLY ELIMINATE OUR DEPENDENCE ON HOTELS BY:

- WORKING WITH FAMILIES TO GET THEM OUT OF HOTELS MORE QUICKLY AND HELP THEM RETAIN NEW HOUSING.

- PRODUCING MORE PERMANENT HOUSING.

- CONSTRUCTING MORE ALTERNATIVE, TEMPORARY, TRANSITIONAL FACILITIES.

LET ME SAY THAT HERE AT "HELP ONE", WE ARE IN ONE OF THE FINEST EXAMPLES OF ALTERNATIVE, TEMPORARY HOUSING FOR FAMILIES TO BE BUILT IN THIS COUNTRY. THIS IS WHAT WE WOULD LIKE ALL OF THE 28 CURRENT AND 17 PLANNED TRANSITIONAL FACILITIES IN NEW YORK CITY TO LOOK LIKE - - BUT WE CAN'T DO IT OVERNIGHT. NOR CAN WE DO IT WITHOUT FEDERAL DOLLARS. THIS TYPE OF FACILITY IS ONLY POSSIBLE WITH THE FLEXIBILITY WE NOW HAVE IN OUR USE OF EAF AND SPECIAL NEEDS FUNDING. LIMITING EAF USE TO 30 DAYS AND ELIMINATING SPECIAL NEEDS FOR EMERGENCY SHELTER WILL UNDERCUT THE GAINS WE ARE MAKING WITH THIS AND OTHER TRANSITIONAL FACILITIES.

TRANSITIONAL SHELTERS HAVE ENABLED US TO REDUCE THE NUMBER OF HOMELESS FAMILIES WHO RESIDE IN HOTELS FROM OVER 80 PERCENT IN EARLY 1986 TO 66 PERCENT OF OUR TOTAL NUMBER OF FAMILIES TODAY. WE HAVE ACCOMPLISHED THIS REDUCTION DESPITE A STEADY AND INEXORABLE GROWTH IN THIS POPULATION.

IF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) HAS ITS WAY, PROJECTS LIKE "HELP ONE" WILL NOT BE ABLE TO EXIST IN THE FUTURE.

THE ONE-YEAR STAY OF THE HHS REGULATIONS, FACILITATED BY SENATOR MOYNIHAN, CONGRESSMEN DOWNEY, RANGEL, GREEN, SCHUMER, WEISS AND OTHER MEMBERS OF CONGRESS LATE LAST YEAR, HAS HELPED TEMPORARILY AND WE ARE TRULY GRATEFUL. WHAT WE NEED THIS YEAR, HOWEVER, IS ADDITIONAL TIME TO IMPLEMENT OUR FIVE YEAR PLAN AND A PERMANENT CHANGE THAT WOULD ALLOW THE FLEXIBLE USE OF EAF AND SPECIAL NEEDS FUNDS TO ADDRESS EMERGENCY SITUATIONS FOR THESE VULNERABLE FAMILIES.

THE VERY NATURE OF "EMERGENCIES" FOR FAMILIES HAS CHANGED DRAMATICALLY SINCE 1967 WHEN THE EMERGENCY ASSISTANCE PROGRAM WAS ENACTED UNDER AFDC. TODAY'S WIDESPREAD HOMELESSNESS AMONG FAMILIES DID NOT EXIST ONLY A DECADE AGO. IT IS TIME FOR THE PROGRAM TO REFLECT 1988 REALITIES AND OUR CURRENT NEEDS IN THE WAY OF TRANSITIONAL AND PERMANENT HOUSING AND INTENSIVE SERVICES. CERTAINLY, 5,100 FAMILIES IN NEED OF SHELTER EVERY NIGHT REPRESENTS AN EMERGENCY.

SHOULD THE HHS REGULATIONS TAKE EFFECT, THE CITY AND STATE OF NEW YORK WOULD LOSE $85 MILLION IN FEDERAL FUNDS FOR 1988. THIS AMOUNT DOES NOT JUST REPRESENT ANOTHER DEBIT IN OUR BUDGET BOOKS, HOWEVER. IT'S MONEY THAT WILL BE TAKEN DIRECTLY AWAY FROM SERVICES FOR HOMELESS PARENTS AND THEIR CHILDREN. IT WILL MEAN THAT FEWER FAMILIES WILL BE ABLE TO COME TO SHELTERS LIKE THIS ONE AND THE RANGE OF SERVICES WE CAN PROVIDE TO STABILIZE THOSE FAMILIES WILL BE SEVERELY RESTRICTED.

THE CITY OF NEW YORK HAS ALREADY DEVOTED A LARGE AMOUNT OF ITS OWN RESOURCES TO ADDRESS THE DILEMMA. IN CITY FISCAL YEAR 1988, WE WILL SPEND $229 MILLION ($91 MILLION IN CITY TAX LEVY) TO PROVIDE SHELTER AND OTHER ESSENTIAL SERVICES TO HOMELESS FAMILIES. IN ADDITION, FOR 1988 WE HAVE APPROPRIATED $129 MILLION FOR A PROGRAM OF MAJOR CAPITAL EXPENDITURES FOR CONSTRUCTION AND RENOVATION OF EMERGENCY SHELTERS AND TRANSITIONAL HOUSING FOR HOMELESS FAMILIES.

THROUGH THE CITY'S FIVE-YEAR PLAN AS WELL AS THE TEN-YEAR, $4.2 BILLION CAPITAL PROGRAM TO PRODUCE, PRESERVE AND UPGRADE 252,000 UNITS OF HOUSING, WE WILL HAVE COMPLETELY REDUCED OUR RELIANCE ON HOTELS BY 1992. OVER AND ABOVE THIS, WE ARE REHABILITATING 4,000 IN REM UNITS PER YEAR.

SO, YOU CAN SEE THAT THE CITY IS VERY COMMITTED TO THE CREATION OF HOUSING. CONGRESS HAS TRIED TO ADDRESS THE PROBLEM WITH THE MCKINNEY ACT OF 1987, WHICH IS DEFINITELY A STEP IN THE RIGHT DIRECTION. BUT EVEN HERE, ONLY $20 MILLION NATIONWIDE IS DEVOTED TO PRODUCING TRANSITIONAL HOUSING FOR HOMELESS FAMILIES. AND, ITS FUNDING CONTINUES TO BE IN JEOPARDY, LEAVING UNCERTAINTY ABOUT WHETHER ITS HELP WILL BE CONTINUED.

FOR 1988, LESS THAN HALF OF THE $616 MILLION AUTHORIZED BY THE ACT WAS APPROPRIATED, A HARSH REDUCTION GIVEN THAT THE HOMELESS POPULATION CONTINUES TO GROW. I URGE YOU TO SUPPORT SUPPLEMENTAL APPROPRIATIONS FOR FISCAL YEAR 1988 MCKINNEY HOMELESS ASSISTANCE PROGRAMS.

WHILE EXPLAINING OUR NEED FOR CONTINUED FUNDING FOR TRANSITIONAL SHELTERS, I AM OFTEN ASKED WHY THE CITY DOESN'T SIMPLY RENOVATE VACANT APARTMENTS FOR THE HOMELESS RATHER THAN USE HOTELS. THE ANSWER IS SIMPLE - - WE ALREADY DO!

FIRST, WE ARE PRODUCING MORE PERMANENT HOUSING. SINCE FISCAL YEAR 1984 WE HAVE RENOVATED MORE THAN 12,000 UNITS IN VACANT CITY OWNED BUILDINGS AND WE PLAN TO PRODUCE 4,000 ADDITIONAL UNITS IN EACH OF THE NEXT EIGHT FISCAL YEARS. THIS IS IN ADDITION TO THE TEN-YEAR $4.2 BILLION PLAN ABOUT WHICH I DISCUSSED EARLIER IN MY REMARKS.

SECONDLY, ONE MUST RECOGNIZE THAT WE WILL NEVER BE ABLE TO COMPLETELY ELIMINATE THE DEMAND FOR TRANSITIONAL HOUSING, BE IT FOR SEVERAL NIGHTS OR FOR SEVERAL MONTHS. THE VAST MAJORITY OF THE 12,000 FAMILIES WHO ENTERED THE SHELTER SYSTEM LAST YEAR STAYED FOR VERY SHORT PERIODS OF TIME AND FOUND HOUSING ON THEIR OWN. I'M SURE THAT NO ONE COULD SUGGEST THAT LOCAL GOVERNMENTS, WHO ARE NOW THE FRONT LINE PROVIDERS OF SHELTER TO THESE FAMILIES, GUARANTEE AN IMMEDIATE APARTMENT TO EVERY FAMILY THAT BECOMES HOMELESS.

OUR APPROACH MUST THEREFORE BE TWO-FOLD: WE MUST CONTINUE TO PROVIDE TRANSITIONAL SHELTER AND RELATED SERVICES AND WE MUST CREATE MORE PERMANENT HOUSING. THE CITY HAS DEVOTED THE RESOURCES TO BOTH, AND WE NOW ASK THE FEDERAL GOVERNMENT TO DO THE SAME BY RENEWING THE COMMITMENT IT MADE TO HOUSING BACK IN THE 1930s, WHILE CONTINUING TO PROVIDE FOR TRANSITIONAL SHELTERS FOR THOSE IN EMERGENCY SITUATIONS.

SINCE 1980, FEDERAL FUNDING FOR HOUSING PROGRAMS HAS DECREASED BY 70%. THE REAGAN ADMINISTRATION CLAIMED THAT THE PRIVATE SECTOR WOULD STEP IN AND MEET THE DEMAND. BUT CHANGES IN TAX LAW, ALONG WITH OTHER ECONOMIC FACTORS, HAVE DISCOURAGED PRIVATE BUILDERS FROM LOW AND MODERATE INCOME HOUSING CONSTRUCTION. THE RESULT HAS BEEN A DRASTIC LOSS OF HOUSING STOCK AND A DRAMATIC INCREASE IN THE HOMELESS POPULATION, NOT JUST IN NEW YORK CITY, BUT AROUND THE COUNTRY.

I THEREFORE URGE YOUR SUBCOMMITTEES TO TAKE SWIFT ACTION TO ALLOW CONTINUED AND FLEXIBLE USE OF EAF AND SPECIAL NEEDS FUNDS FOR TRANSITIONAL HOUSING AND FOR MORE THAN THE UNREALISTIC PERIOD OF 30 DAYS. I ALSO URGE YOU AND YOUR COLLEAGUES IN CONGRESS TO CREATE A NEW, LONG-TERM FEDERAL HOUSING PROGRAM THAT WILL HELP CITIES, COUNTIES AND STATES COPE WITH THE GROWING DEMAND FOR AFFORDABLE HOUSING.

FINALLY, I WOULD LIKE TO THANK THOSE OF YOU FOR YOUR VALIANT EFFORTS TO AID HOMELESS FAMILIES. YOUR COMPASSION IS GREATLY APPRECIATED.

Acting Chairman DOWNEY. Thank you, Mayor Koch.

The panel will inquire of the witnesses when the three mayors have completed their testimony. Mayor Flynn.

STATEMENT OF HON. RAYMOND L. FLYNN, MAYOR OF BOSTON, MA, AND CHAIRMAN, TASK FORCE ON HUNGER AND HOMELESSNESS, U.S. CONFERENCE OF MAYORS

Mayor FLYNN. Thank you so much, Mr. Chairman, Senator Moynihan, and members of the committee. I have often heard it said that in politics, timing is everything. I think the timing of this meeting is very, very appropriate. Not only because of the increased problem of homelessness in our country, but also because the one opportunity we have to do anything about it is in this Presidential election. And so I applaud the members of the New York congressional delegation, for taking time to hear this critical issue.

The other night I was speaking at the John F. Kennedy School of Government and they asked for my assessment of the Presidential campaign and how the candidates were addressing the issues. I pointed out that while I thought the candidates—and we heard from one of them today, Senator Gore—are very much committed to the issue of homelessness, as my Governor and Reverend Jackson are strongly committed as well, this is not communicating to the public and it is not communicating to officials across the country, insofar as it is having an impact. You probably saw the Gallup poll that was just recently released. The Gallup poll indicates that 83 to 84 percent of the American public want the candidates for President and want the Federal officials to more significantly deal with the issue of drugs, which is the no. 1 issue in America's cities today, the proliferation of drugs coming into our cities, the issue of education and the issue of homelessness. Those three issues are really tearing at the social fabric of American cities far greater than any missile that could hit our communities.

I just wanted to say to this committee that I hope that we are able to focus in on the root causes of homelessness. Now we heard Mr. Green and Senator Gore did an excellent job responding, but Mr. Green was slightly off the mark, if you don't mind me saying that—and he shouldn't be defensive. I assumed immediately that he is a Republican, but he shouldn't be defensive because this is not a Republican or Democratic issue that we are talking about here on homelessness. It is not a city-urban issue; it is not a liberal-conservative issue; it is an American issue and it has got to be dealt with along those lines. Now Mr. Green said, in a defensive way, respectfully, that the cuts started to come about in a previous Democratic administration. Well, the facts of the matter are that under a Republican and Democratic President, before 1980, we were building in the United States, subsidizing, something like 300,000 units of housing. That is under President Nixon; that's under President Carter; that is public record. In the past year, between the cuts and the tax law changes, we will put on line something less than 24,000 units of housing. Contrast that to 300,000 units of housing that were built in this country as a matter of public policy by Republican and Democratic Presidents and Congresses, whichever way it would fluctuate, you will see that that is

really the root cause of homelessness in America. And to suggest otherwise, I think, is really missing the point entirely.

This should not be an issue of who should take the blame for it and who is taking the high moral ground. That is the situation.

The other point is—and I know, Senator Moynihan, you have been the national leader in terms of family stability, and we all admire that—if you look at the growing level of poverty in America, the cost of housing; the low production of housing; the deinstitutionalization issue, mentally ill; the feminization of poverty; the greatest number of increases that we have identified in cities across America, in the area of homelessness, has come at the expense of families. That is the greatest increase that we have had.

So, you know, there is no sudden mystery. I was impressed with Mayor Koch's statistics.

I would just like to conclude and then have Mayor Holland make some comments, but I would just like to make this observation in terms of the timing of this issue: Just think, for example, if tonight there was some sort of national disaster or earth quake or whatever it might be, and all of a sudden between 1 and 2 million people in America were left homeless—it sounds bizarre. I know it does, but just go along with it—1 or 2 million people were left homeless, what would happen? Well, we would probably see the President going on all major networks this evening proclaiming a national emergency. We would have the Congress called into emergency session, both the House and the Senate. Legislatures all across the country would deal with the issue. There would be a national cry to do something about the situation. Well you know something, that is exactly what we have in this country. It didn't happen last night and it didn't happen the night before, it has been happening over the course of the past few years, several years. We have between 1 and 2 million people sleeping on the streets of America's cities and communities in this country today. And yet, at the same time, the kind of outrage, moral outrage that should be exerted on this issue is not being exerted. And in all due respect to all of our efforts, it just is not the priority.

Maybe our officials think that because these homeless people don't vote, because a good proportion of them are poor, because they are black, they are without influence, that that should suggest that they are "un-American." They are very much American as you and every other distinguished member of this congressional delegation is, and they ought to be treated with the same level of respect and dignity and our good intentions are not registering a positive result for those people. I hope that in this Presidential election, with your good will and all of us rallying together, we can put this issue and other issues such as Representative Rangel has been talking about for a long time, and Mayor Koch, about drugs, homelessness, education, put them on center stage in the remaining caucuses and primaries so that when a new president walks into the White House in January, they will have a full agenda ahead of them and that is one dealing with the social and economic political issues of major consequence and major priorities of the American public.

Thank you, Mr. Chairman.

[The prepared statement follows:]

TESTIMONY OF BOSTON MAYOR RAYMOND L. FLYNN
CHAIRMAN
UNITED STATES CONFERENCE OF MAYORS
TASK FORCE ON HUNGER, HOMELESSNESS AND POVERTY

SENATOR MOYNIHAN, CONGRESSMAN DOWNEY, THANK YOU FOR INVITING ME HERE TO PARTICIPATE IN THIS IMPORTANT JOINT HOUSE AND SENATE COMMITTEE HEARING. AS CHAIRMAN OF THE UNITED STATES CONFERENCE OF MAYORS TASK FORCE ON HUNGER, HOMELESSNESS AND POVERTY, I AM PARTICULARLY GLAD THAT YOU HAVE INVITED THE PRESIDENTIAL CANDIDATES TO PARTICIPATE IN TODAY'S FORUM.

TODAY, WE HAVE A CHANCE TO FOCUS THE 1988 PRESIDENTIAL CAMPAIGN AWAY FROM 30 SECOND PLATITUDES AND TOWARDS THE ISSUES THAT THE AMERICAN PUBLIC REALLY WANTS TO HEAR OUR CANDIDATES ADDRESS. LAST WEEK, A GALLUP POLL CAME OUT WHICH FOUND THAT 84 PERCENT OF THE AMERICAN PEOPLE WANT TO HEAR MORE ABOUT THE CANDIDATES' POSITIONS ON EDUCATION, 83 PERCENT ALSO WANT TO KNOW WHAT THE CANDIDATES ARE DOING TO STOP THE POISONOUS PIPELINE OF DRUGS FLOWING INTO OUR COUNTRY, AND THE SAME NUMBER, 83 PERCENT, WANTS TO KNOW WHAT THE CANDIDATES WILL DO TO CURB THE RISING TIDE OF HOMELESSNESS IN OUR COUNTRY.

THE "POLITICAL EXPERTS" ON THIS CAMPAIGN WILL TELL YOU THAT THESE ARE "POOR PEOPLE'S ISSUES" AND THAT "POOR PEOPLE DON'T VOTE", BUT I AM HERE TO TELL YOU THAT THE "UNPOOR", THE "UNBLACK" AND THE "UNHOMELESS" IN OUR COUNTRY ARE NOT "UNAMERICAN". THE AMERICAN PEOPLE HAVE A BASIC SENSE OF FAIRNESS AND SUPPORT FOR THOSE WHO ARE DOWN ON THEIR LUCK, FROM THE FORECLOSED FARMER IN IOWA, TO THE UNEMPLOYED AUTO WORKER IN DETROIT, TO THE HOMELESS FAMILY IN BOSTON, OR NEW YORK, OR TRENTON, OR LOS ANGELES. OUR PEOPLE SHARE THE AMERICAN DREAM OF A COUNTRY IN WHICH ALL PEOPLE ARE TREATED WITH DIGNITY AND RESPECT.

THAT IS WHY I AM PLEASED THAT SO MANY NATIONAL LEADERS ARE HERE TODAY TO SPEAK OUT AGAINST THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES' PROPOSAL TO LIMIT FEDERAL EMERGENCY ASSISTANCE FUNDS TO HOMELESS FAMILIES TO ONLY 30 DAYS. IT IS AS IF THE CURRENT ADMINISTRATION FEELS THAT IF THEY CAN MAKE POVERTY A MORE DEHUMANIZING EXPERIENCE, HOMELESS FAMILIES WILL JUST STOP BEING HOMELESS AND THE PROBLEMS WILL JUST DISAPPEAR.

WELL, MR. CHAIRMAN, THE MAYORS OF AMERICA'S CITIES HAVE WATCHED THESE POLICIES GO INTO EFFECT FOR THE PAST SEVEN YEARS AND LET ME TELL YOU, THEY AREN'T WORKING. WASHINGTON HAS TAKEN THE OLD SLOGAN, "WOMEN AND CHILDREN FIRST" SERIOUSLY, THEY HAVE MADE WOMEN AND CHILDREN IN OUR CITIES THE FIRST TO FEEL THE CUTS IN ASSISTED HOUSING, IN JOB TRAINING AND IN HEALTH CARE. NOW THEY PROPOSE TO DRIVE THESE POOREST INDIVIDUALS FROM THE SHELTERS TO THE STREETS.

HOMELESSNESS AND HUNGER ARE PERHAPS MORE UNDERSTANDABLE DURING PERIODS OF ECONOMIC DISTRESS SUCH AS THE GREAT DEPRESSION, BUT NOT DURING A PERIOD OF ECONOMIC RECOVERY AND NATIONAL PROSPERITY. ACCORDING TO GOVERNMENT FIGURES, OVER 32 MILLION AMERICANS ARE LIVING BELOW THE POVERTY LINE. THIS REPRESENTS AN INCREASE OF OVER THREE MILLION POOR SINCE 1980.

THE MOST DISTRESSING ASPECT OF THIS INCREASE IN POOR PEOPLE IS THAT ONE OF EVERY FIVE CHILDREN LIVE BELOW THE POVERTY LINE. AND MANY OF THESE CHILDREN ARE EXPOSED AT AN EARLY AGE TO THE DRUG PUSHERS WHO INFEST OUR CITY STREETS, LOOKING FOR YOUNG RECRUITS WHO SEEK TO ESCAPE POVERTY IN AN ALL TOO EASY WAY--AND WHERE CAN THEY FIND YOUNG PEOPLE IN A MORE DESPERATE SITUATION THAN IN THE SHELTERS AND WELFARE HOTELS OF OUR MAJOR CITIES?.

AND YOU KNOW, WE JUST HAVEN'T HEARD ENOUGH ABOUT THESE ISSUES FROM THE PRESIDENTIAL CANDIDATES AS YET, DESPITE THE DEEP PERSONAL COMMITMENT THAT I KNOW MANY OF THEM HAVE.

GOVERNOR MICHAEL DUKAKIS HAS BEEN A NATIONAL LEADER IN TERMS OF STATE INNOVATION AND SPENDING ON BEHALF OF POOR AND HOMELESS FAMILIES.

SENATOR AL GORE WAS THE CO-SPONSOR IN THE SENATE WITH SENATOR MOYNIHAN OF THE HOMELESS PERSONS SURVIVAL ACT, PORTIONS OF WHICH WERE INCORPORATED INTO THE STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT OF 1987.

AND JESSE JACKSON HAS BEEN A CONSISTENT ADVOCATE FOR HOMELESS FAMILIES AND INDIVIDUALS. I RECENTLY HAD THE PRIVILEGE OF ACCOMPANYING HIM TO SEVERAL OF OUR SHELTER FACILITIES IN BOSTON, AS I HAVE WITH SENATORS GORE AND SIMON, TO CALL NATIONAL ATTENTION TO THESE IMPORTANT HUMAN NEEDS.

WE NEED THESE CANDIDATES--DEMOCRATS AND REPUBLICANS ALIKE--TO SEND A MESSAGE OF HOPE TO THE GROWING NUMBER OF HOMELESS FAMILIES ON PUBLIC ASSISTANCE. I'D LIKE TO TAKE A SECOND TO CITE FOR YOU SOME OF THE MORE DISTURBING FACTS WHICH CAME OUT OF THE U.S. CONFERENCE OF MAYORS ANNUAL SURVEY OF HUNGER AND HOMELESSNESS IN 26 MAJOR AMERICAN CITIES:

LAST YEAR, THE DEMAND FOR EMERGENCY SHELTER IN THESE CITIES INCREASED BY AN AVERAGE OF 21 PERCENT.

FAMILIES WITH CHILDREN NOW CONSTITUTE 33 PERCENT OF THE HOMELESS POPULATION ON AVERAGE--AN INCREASE OF 32 PERCENT OVER TWO YEARS. IN 71 PERCENT OF THE CITIES, FAMILIES CONSTITUTE THE LARGEST GROUP FOR WHOM EMERGENCY SHELTER AND OTHER NEEDED SERVICES ARE LACKING.

ACCORDING TO THESE CITIES, THE MOST SIGNIFICANT REASON FOR THE INCREASE IN HOMELESSNESS IS THE LACK OF AFFORDABLE HOUSING, A CONDITION EXACERBATED BY THE "DOUBLE WHAMMY" OF MASSIVE FEDERAL CUTS IN THE AREA OF HOUSING--FROM $33 BILLION IN 1981 TO UNDER $8 BILLION TODAY AND CHANGES IN THE FEDERAL TAX LAWS WHICH HAVE DEVASTATED THE RENTAL HOUSING MARKET IN AMERICA.

OTHER CAUSES CITED BY OUR CITIES INCLUDE THE LACK OF SERVICES FOR THE DEINSTITUTIONALIZED MENTALLY ILL, THE LACK OF GOOD PAYING JOBS, POOR ECONOMIC CONDITIONS IN CERTAIN AREAS OF THE COUNTRY AND INSUFFICENT BENEFIT LEVELS OF INCOME MAINTENANCE PROGRAMS. IN SAN FRANCISCO, FOR EXAMPLE, OFFICIALS INDICATED THAT NEITHER BENEFITS NOR MINIMUM WAGE JOBS WERE SUFFICENT TO SUSTAIN FAMILIES FOR AN ENTIRE MONTH.

IN RESPONSE TO THESE SHOCKING FIGURES, I'M OFTEN ASKED WHOSE RESPONSIBILITY IS IT TO ADDRESS THE NEEDS OF THE HOMELESS, IS IT A FEDERAL RESPONSIBILITY, A STATE RESPONSIBILITY, OR A LOCAL OR PRIVATE SECTOR PROBLEM? MY RESPONSE IS THAT HOMELESSNESS IS AN "AMERICAN PROBLEM" AND EACH ONE OF US AT EVERY LEVEL OF GOVERNMENT HAS A RESPONSIBILITY TO PROVIDE WHATEVER RESOURCES WE CAN TO PROVIDE HELP.

IN BOSTON, FOR EXAMPLE, CITY GOVERNMENT HAS PROVIDED LAND AND BUILDINGS AT LITTLE OR NO COST TO A WIDE RANGE OF NON-PROFIT SHELTER ORGANIZATIONS. ALTOGETHER, WE HAVE INCREASED THE NUMBER OF SHELTER BEDS IN THE CITY BY 141 PERCENT IN THE LAST FOUR YEARS--FROM 972 TO 2,351. THIS PAST WINTER, THROUGH THE INITIATIVE OF SOME OF THE BEST SHELTER PROVIDERS IN THE COUNTRY, GROUPS LIKE THE PINE STREET INN, ROSIE'S PLACE, AND CASA MYRNA VASQUEZ, AND WITH THE HELP OF GOVERNOR DUKAKIS, WE WERE ABLE TO OFFER A WARM BED AND A HOT MEAL TO ALL IN NEED. CURRENTLY, WITH ABOUT $2.5 MILLION IN AID FROM THE MCKINNEY HOMELESS ACT, BOSTON IS CONTINUING TO EXPAND ITS HEALTH CARE, SHELTER, AND TRANSITIONAL HOUSING RESOURCES. ALSO, THROUGH A PROGRAM CALLED "PARCEL TO PARCEL LINKAGE", A PRIVATE DEVELOPER BUILDING OFFICE SPACE ON VALUABLE CITY-OWNED LAND DOWNTOWN WILL ALSO BUILD A 36 UNIT TRANSITIONAL HOUSING FACILITY IN BOSTON'S SOUTH END.

SO AS STATE AND LOCAL GOVERNMENTS ARE DOING THEIR PART TO ADDRESS THE NEEDS OF THE HOMELESS, THE FEDERAL GOVERNMENT MUST BE ENLISTED AS A MORE WILLING PARTNER. IN FACT, TWO OTHER GATHERINGS TODAY WILL HAVE A MAJOR IMPACT ON THE FEDERAL GOVERNMENT'S ROLES AND RESPONSIBILITIES IN THIS AREA. THE FIRST IS THE MEETING OF THE SENATE BUDGET COMMITTEE TO CONSIDER PRIORITIES FOR FISCAL YEAR 1989. I HOPE THAT THE SENATE WILL FOLLOW THE HOUSE'S LEAD IN PLACING A PRIORITY ON PROGRAMS FORTHE HOMELESS AND WILL PROVIDE WHAT LITTLE FUNDS ARE AVAILABLE IN ADDITIONAL DOMESTIC SPENDING FOR THE HOMELESS, AS WELL AS FOR CURBING THE SPREAD OF DRUGS INTO OUR COUNTRY AND OUR CITIES.

SINCE I HAVE MENTIONED THE DRUG ISSUE IN PASSING SEVERAL TIMES, LET ME TAKE A SECOND TO SAY THAT THERE IS NO ISSUE THAT THREATENS TO DEVASTATE OUR NEIGHBORHOODS MORE THAN THE PROLIFERATION OF DRUGS INTO OUR CITIES FROM MANY OF THE FOREIGN COUNTRIES TO WHICH WE GIVE ENORMOUS AMOUNTS OF FOREIGN AID. CONGRESSMAN CHARLES RANGEL AND MAYOR ED KOCH HAVE BEEN IN THE FOREFRONT OF THIS ISSUE AND I WANT TO THANK THEM FOR THEIR EFFORTS IN THIS REGARD.

MAYOR KOCH HAS DONE A SUPURB JOB IN RAISING THIS ISSUE AND BOTH OF US HAVE LOST DEDICATED POLICEMEN--THE CREAM OF THE CROP--AS VICTIMS OF THE DRUG WARS IN OUR STREETS. OUR CITIES ARE BEING HIT BY TONS OF COCAINE AND HEROIN TO AN EXTENT THAT IS AS DEVASTATING AS A MISSILE ATTACK ON OUR NEIGHBORHOODS. WE ARE THE VICTIMS OF A WAR WORSE THAN THAT GOING ON IN CENTRAL AMERICA AND WE NEED THE RESOURCES TO STOP IT.

THE SECOND IMPORTANT EVENT OCCURRING TODAY IS THE ISSUANCE OF THE REPORT OF THE COMMISSION HEADED BY JIM ROUSE, WHICH WAS ASKED BY SENATORS ALAN CRANSTON AND AL D'AMATO TO FORMULATE STRATEGIES FOR A RENEWED HOUSING POLICY IN THIS COUNTRY. BACK IN THE 1970'S, WE WERE BUILDING ABOUT 300,000 FEDERALLY SUBSIDIZED HOUSING UNITS A YEAR, UNDER BOTH DEMOCRATIC AND REPUBLICAN PRESIDENTS. TODAY, WE ARE LUCKY IF WE SQUEEZE OUT 25,000 UNITS A YEAR FROM WASHINGTON.

BUT IN THE END, NO ACTION BY A STUDY COMMISSION OR EVEN A CONGRESSIONAL COMMITTEE WILL BE SIGNIFICANT UNTIL WE START HEARING THE RIGHT MESSAGES FROM OUR NATIONAL ADMINISTRATION AND THAT IS WHAT THIS YEAR'S PRESIDENTIAL ELECTION MUST BEGIN TO ADDRESS.

RIGHT NOW, THE PEOPLE IN THE THREE DECKERS OF DORCHESTER AND THE ROW HOUSES AND PROJECTS OF OUR CITIES AREN'T VERY EXCITED ABOUT THIS YEAR'S CAMPAIGN AND THAT IS BECAUSE THERE IS SO LITTLE THEY ARE HEARING THAT STRIKES A CHORD OF RESPONSE. I HAVE TRAVELED TO A NUMBER OF STATES ON BEHALF OF GOVERNOR DUKAKIS AND I WILL TELL YOU THAT WHEREVER I HAVE GONE, DES MOINES OR DUBUQUE, IOWA, THE "IRON RANGE" IN MINNESOTA, AND NASHVILLE, TENNESSEE, PEOPLE FEEL IT IS UNAMERICAN FOR THERE TO BE EVEN ONE HOMELESS PERSON IN THIS COUNTRY AND THEY WANT TO START HEARING SOME ANSWERS.

WE NEED TO KEEP PRODDING THE CANDIDATES FOR PRESIDENT TO SPEAK OUT WITH SPECIFICS ON WHAT THEY WOULD DO ABOUT HUNGER, HOMELESSNESS AND POVERTY IN AMERICA. WE NEED TO KNOW WHAT THEY WOULD DO TO STOP THE FLOW OF DRUGS INTO OUR COUNTRY AND WE NEED TO KNOW HOW THEY WILL WORK WITH CONGRESS ON A FAIR AND EQUITABLE SYSTEM OF WELFARE REFORM.

LAST THURSDAY, I HAS THE OPPORTUNITY TO SPEAK BEFORE THE ALUMNI ASSOCIATION OF THE JOHN F. KENNEDY SCHOOL OF GOVERNMENT AT HARVARD. I WAS ASKED TO GIVE MY THOUGHTS ON THE ISSUES OF HUNGER AND HOMELESSNESS AND HOW THEY RELATE TO THE 1988 CAMPAIGN. I TOLD THE PEOPLE THERE THAT WE HAVE LOST OUR AMERICAN DREAM OF A COUNTRY IN WHICH EVERY FAMILY HAS SAFE, DECENT AND AFFORDABLE HOUSING. WE HAVE LOST OUR DREAM IN WHICH

EVERY CHILD, NO MATTER HOW POOR, CAN HAVE ACCESS TO A DECENT EDUCATION. AND WE HAVE LOST OUR AMERICAN DREAM OF UPWARD MOBILITY--THE IDEA THAT HARD WORKING PEOPLE WOULD DO BETTER FOR THEMSELVES EVERY YEAR AND THAT THEIR CHILDREN WOULD DO BETTER THAN THEM. OUR AMERICAN DREAM HAS TURNED INTO A NIGHTMARE IN WHICH FACELESS BUREAUCRATS IN WASHINGTON HOVER OVER CHILDREN IN SHELTERS AND WELFARE HOTELS, SEEKING TO GIVE THEM THEIR EVICTION NOTICE, AND IN SOME CASES, A DEATH SENTENCE, AS SOON AS A MERE 30 DAYS EXPIRE.

MY FRIENDS, THE POOR HAVE FEW LOBBYISTS IN WASHINGTON. AS MEMBERS OF THE WAYS AND MEANS AND FINANCE COMMITTEES, YOU SEE FAR MORE OIL LOBBYISTS IN YOUR OFFICES THAN HOMELESS FAMILIES. THE PRESIDENTIAL CANDIDATES DON'T OFTEN VISIT THEIR SHELTERS AND NEIGHBORHOODS--BUT THEY SHOULD. I ASK YOUR HELP, NOT JUST IN REJECTING THE 30 DAY LIMIT ON EMERGENCY ASSISTANCE TO HOMELESS FAMILIES, BUT IN REJECTING THE NOTION THAT THE AMERICAN PEOPLE DON'T CARE ABOUT THESE ISSUES. THEY DO CARE, AND THEY ARE LOOKING TO OUR ELECTED OFFICIALS IN WASHINGTON FOR LEADERSHIP IN THESE TROUBLED TIMES.

THANK YOU FOR YOUR ATTENTION TO THIS ISSUE AND FOR YOUR LEADERSHIP IN THIS REGARD.

Senator MOYNIHAN. Mayor Holland.

STATEMENT OF HON. ARTHUR J. HOLLAND, MAYOR OF TRENTON, NJ, AND VICE PRESIDENT, U.S. CONFERENCE OF MAYORS

Mayor HOLLAND. Mr. Chairman, members of the committee, my fellow mayors. I too have a statement to file on behalf of the U.S. Conference of Mayors. In the interest of getting on with the hearing and allowing as much time as possible for discussion, I will simply give the highlights of this.

Much has been made already of the extent of the problem and I couldn't help thinking back to, as a young man with President Roosevelt, according to the fact that the nation was one-third ill-housed, ill-clothed and ill-fed, obviously our goal is seeing to it that every American has an opportunity for a decent standard of living has not been reached. And the aspect of homelessness probably is greater now than at any time in our history.

We mayors are working hard to make sure that the 1988 Presidential candidates do address this problem. I was pleased that Senator Gore was here and that Governor Dukakis will be here later to do that. We wish that all of the candidates could be here.

I think it is important to note too that this hearing is not being held where hearings usually are held. Apart from where the problem is found, we are on location here, not in midtown Manhattan in an office tower or in some governmental building or in the Capitol Hill hearing room, but where we find the problem of homelessness. And I must say that I could not be more impressed than I am by this transitional facility and would that we had it in our city and every city in the country which has this problem. As Senator Gore noted, there is some degree of homelessness in every community.

In December, the Conference of Mayors published a 26-city survey, "The Continuing Growth of Hunger, Homelessness and Poverty in America's Cities," and earlier in May a similar study and Mayor Flynn is head of those efforts. I think it is important to note that just over two-thirds of the surveyed cities, 69 percent, say that it is inadequate public assistance benefits and problems with public assistance programs as among the main causes of Mayor Holland: hopelessness, again emphasizing the relatedness of the various federal programs. On the lack of affordable housing was cited more frequently, and that by ever surveyed city.

The cities that identified inadequate public assistance benefits and problems with these programs were Boston, Charleston, Chicago, Denver, Detroit, Kansas City, Missouri, Los Angeles, Louisville, Miami, Nashville, New Orleans, Philadelphia, Phoenix, Portland, Providence, Saint Paul, San Antonio, Seattle, Washington, D.C., and Yonkers. And this list includes cities of all sizes from all parts of the country. This morning I would add my own city of Trenton to that list.

In the May survey, Chicago officials cited the fact that "income, or grant levels, of families receiving AFDC is less than half of the standard of need in the State of Illinois." In Boston, AFDC benefits have been increased by 32 percent in the last 3 years, but even there they have not kept pace with the high cost of living.

A wide range of problems with the AFDC program was cited. New Orleans officials noted that "male-headed households are not eligible for AFDC." That point has been made this morning. "There is a 45-day waiting period for AFDC and reduced AFDC assistance. AFDC workers have been cut back 30 percent while potential cases have increased 70 percent." It reminds me, Congressman Rangel, of the fact that we were cutting back the Coast Guard as we were advocating interdicting drugs coming into the country.

According to Miami officials, AFDC processing time is very slow; 60 days from the time of application to the time of receiving payment.

In New Jersey, and Mr. Drew Altman is here from our State and will speak in a much fuller way about this, but in New Jersey the AFDC program is clearly not meeting the needs of homeless families. The State has just extended the emergency assistance program so that it provides assistance to families for up to 5 months. An additional month was added just a few days ago for 940 families facing eviction from welfare hotels. Our State has also just allocated $1 million to help in the provision of permanent housing to homeless families. These are good efforts but they provide neither a permanent nor an adequate response.

Homelessness among families, including those receiving AFDC, is a critical problem in Trenton, and managing it is a terrible task. When a family becomes homeless we try to accommodate them in one of our three family shelters. When shelter space is not available, we too use hotels and motels, but generally move families to one of the shelters as soon as space is available. Each family has its own unit in these shelters. With counseling and other assistance, most families in the shelters eventually find permanent housing, but is it really permanent housing? With all the problems facing these families, it is likely we will see them on the streets again.

Our experience in New Jersey and our studies which have examined the problems of homelessness in cities across the nation lead us to make several recommendations to you this morning:

One, welfare benefits are inadequate and must be increased. We need a national minimum benefit level which is adjusted to account for regional differences and indexed to reflect increases in the cost of living. In addition, we have to make sure that two-parent families which are otherwise qualified, can receive AFDC. And I commend you for including this provision in the welfare reform proposal.

The AFDC emergency assistance program must be adequately funded, and it must be made flexible enough so that it can more appropriately meet the needs of homeless families. We urge you to support legislation such as that introduced by Mr. Schumer and Mr. Weiss, which would enable emergency assistance funds to be used to provide permanent housing. We also urge you to remove the 30-day time limitation from the enabling legislation.

Our National Government must get back into the housing business. That, for all practical purposes, there has been no program for the last 8 years. We need a policy on housing to assure that adequate housing is affordable and available to low and moderate income families. If we do not increase the inventory of such housing dramatically, the incidence of homelessness will continue to in-

crease in cities across the Nation. We need to reauthorize the programs of the Stewart B. McKinney Homeless Assistance Act, which provides important assistance to homeless people. And we need to appropriate funds next year for these programs at the fully authorized level. In the meantime, we need to pass the urgent supplemental, House Joint Resolution 490, introduced by Representatives Lowery and Vento, which would restore this year's appropriations to the fully authorized level.

We need to pass the Emergency Hunger Relief Act of 1988, introduced by Representative Leon Panetta and Senators Ted Kennedy and Pat Leahy, which would improve assistance provided with the food stamp program, reauthorize the temporary food assistance program, and enhance the school breakfast and lunch programs. We also need to increase appropriations for the WIC program.

Finally, we need to increase the minimum wage so that those earning it are not forced to live in poverty and can afford a place to live. I can recall going to a Thanksgiving dinner given by a church for the needy and sitting next to a man who was employed, who had a minimum wage in a restaurant, and he was coming there to get a free meal so he could help make ends meet. Again, the relatedness to the various programs.

In our latest survey we found that 22 percent of the homeless in the surveyed cities were employed in full or part-time jobs. Fortunately, legislation to raise this wage level is pending in both the House and Senate.

The fact that you are holding this hearing today speaks for your concern for the growing number of homeless families in this Nation, but if Congress does not act and quickly, their numbers will continue to grow. We want to pledge, the Conference of Mayors, our help in working with you in seeing to it that those legislative goals are achieved. We worked very closely with Congressman Rangel when he was spearheading the effort to secure passage of the Anti-Drug Abuse Act of 1986, and we stand ready again to join with you in your present legislative effort.

[The prepared statement follows:]

STATEMENT BY

ARTHUR J. HOLLAND
MAYOR OF TRENTON
and
VICE PRESIDENT
THE UNITED STATES CONFERENCE OF MAYORS

Senator Moynihan, Mr. Downey, members of the Subcommittees, I am Arthur J. Holland, Mayor of Trenton and Vice President of The U.S. Conference of Mayors. I commend you for holding this hearing - and for holding it in this location -- for several reasons:

- The growing problem of homelessness is a disgrace in a nation such as ours. The fact that so many families who receive AFDC -- federally supported income assistance -- are homeless is an even greater disgrace. Homelessness produces terrible, negative consequences for families, and especially for children. It makes the present unbearable and the future uncertain.

- Mayors are working hard to make sure that the 1988 Presidential candidates address the problems of our cities. Homelessness, which is the worst-case result of the federal government's housing and income assistance policies, is primary among these problems. Asking candidates how they would respond to the problems of homelessness is most appropriate in this hearing. I only wish that more candidates had been able to attend.

- Holding this hearing in a transitional housing facility in Brooklyn -- not in a Midtown Manhattan office tower or a Capitol Hill hearing room -- requires that we confront the problems of homelessness directly and prevents us from discussing them in the abstract.

HOMELESS FAMILIES IN AMERICA'S CITIES

In December the Conference of Mayors published a 26-city survey, The Continuing Growth of Hunger, Homelessness and Poverty in America's Cities which showed the unfortunate trend of increasing homelessness in our cities. Requests for emergency shelter increased in every survey city save one, by an average of 21 percent. Nearly one-fourth (23 percent) of the requests for emergency shelter go unmet, and in nearly two-thirds of the cities emergency shelters must turn away people in need because of a lack of resources. The number of families with children who are homeless increased in all but one of the cities. One-third of the homeless people in the survey cities are families--parents and their children. Families constitute the largest group for whom emergency shelter and other needed services are lacking. All but two of the survey cities expect homelessness to continue to increase this year.

Last May the Conference published A Status Report on Homeless Families in America's Cities, the results of a 29-city survey, which provided us some significant information on the problem of homelessness among AFDC recipients. Just over two-thirds of the survey cities (69 percent) cited inadequate public

assistance benefits and problems with public assistance programs as among the main causes of homelessness. Only the lack of affordable housing was cited more frequently -- and that by every survey city. The cities that identified inadequate public assistance benefits and problems with these programs were Boston, Charleston, Chicago, Denver, Detroit, Kansas City (MO), Los Angeles, Louisville, Miami, Nashville, New Orleans, Philadelphia, Phoenix, Portland, Providence, Saint Paul, San Antonio, Seattle, Washington, D.C. and Yonkers. Clearly this list includes cities of all sizes from all parts of the country. This morning I would add my own city of Trenton to this list.

In the May survey, Chicago officials cited the fact that "income (or grant levels) of families receiving AFDC is less than half of the standard of need in the State of Illinois." In Boston, AFDC benefits have been increased by 32 percent in the last three years, but they have not kept pace with the high cost of living. Louisville officials said:

> "Over 36 percent of the families staying in our shelters are receiving AFDC. The bottom line is that unless these single parent families receive other subsidies, such as housing, they cannot make it. Presently, a family of three receives $197 in AFDC benefits and $200 in food stamps a month, plus a medical card. It is impossible for these families to have a decent standard of living. A recent study by Metro United Way of a family of four showed that to meet subsistence needs in Louisville, a full-time job paying $7 per hour is required."

A wide range of problems with the AFDC program was cited. New Orleans officials noted that "male-headed households are not eligible for AFDC. There is a 45-day waiting period for AFDC and reduced AFDC assistance. AFDC workers have been cut back 30 percent while potential cases have increased 70 percent." According to Miami officials: "AFDC processing time is very slow -- 60 days from the time of application to the time of receiving payment."

THE SITUATION IN NEW JERSEY

In New Jersey, the AFDC program is clearly not meeting the needs of homeless families. The State has just extended the Emergency Asssistance Program so that it provides assistance to families for up to five months. An additional month was added just a few days ago for 240 families facing eviction from welfare hotels. Our state has also just allocated $1 million to help in the provision of permanent housing to homeless families. These are exemplary efforts, to be sure, but they provide neither a permanent, nor an adequate, response.

Homelessness among families, including those receiving AFDC, is a critical problem in Trenton, and managing it is a terrible

task. When a family becomes homeless we try to accomodate them in one of our three family shelters. When shelter space is not available we use hotels and motels, but generally move families to one of the shelters as soon as space is available. Each family has its own unit in these shelters. With counseling and other assistance, most families in the shelters eventually find permanent housing -- but is it really permanent housing? With all of the problems facing these families, it is likely we will see them on the streets again.

CONFERENCE OF MAYORS' RECOMMENDATIONS

Our experience in New Jersey and our studies which have examined the problems of homelessness in cities across the nation lead us to make several recommendations to you this morning:

1. Welfare benefits are inadequate and must be increased. Across the states the median level of real AFDC benefits declined by 35 percent from 1970 to 1987. In 23 states and the District of Columbia the maximum benefit for a family of three is less than 75 percent of the state's own standard of need. We need a national minimum benefit level which is adjusted to account for regional differences and indexed to reflect increases in the cost of living. In addition, we need to make sure that two-parent families which are otherwise qualified can receive AFDC. I commend you for including this provision in the welfare reform proposals.

2. The AFDC Emergency Assistance Program must be adequately funded and it must be made flexible enough so that it can more appropriately meet the needs of homeless families. We urge you to support legislation, such as that introduced by Mr. Schumer and Mr. Weiss, which would enable emergency assistance funds to be used to provide permanent housing. We also urge you to remove the 30-day time limitation from the enabling legislation. That language was enacted in 1967, when homelessness was a more unusual occurrence among AFDC families than it is today. It does not reflect the reality of the problem today and, if implemented through regulation as nearly occured last year, would merely shift costs from the federal government to state and local governments.

3. Our national government must get back into the housing business. We need a national housing policy to ensure that adequate housing is affordable by, and available to, low- and moderate-income families. If we do not increase the inventory of such housing dramatically, the incidence of homelessness will continue to increase in cities across the nation.

The Conference of Mayors' Housing Task Force has recommended a national housing initiative which would preserve our existing housing stock, add units to the inventory, and strengthen our neighborhoods through a public housing modernization fund, a national housing partnership program, and a national housing trust fund. These recommendations and others were discussed by 200 of this nation's top housing experts in a National Housing Forum convened by the Conference of Mayors last month in Austin, Texas. A report on the recommendations of that meeting will be available, and widely circulated, this June when the 56th Annual Conference of Mayors convenes in Salt Lake City.

I cannot emphasize strongly enough the importance of a major housing initiative. We cannot even begin to respond to the growing problem of homelessness in this nation unless the federal government reassumes its role in the provision of housing assistance to low- and moderate-income people.

4. We need to reauthorize the programs of the Stewart B. McKinney Homeless Assistance Act which provide important assistance to homeless people. And we need to appropriate funds next year for these programs at the full authorized level. In the meantime, we need to pass the urgent supplemental (HJ Res 490), introduced by Representatives Lowery and Vento, which would restore this year's appropriations to the fully authorized level.

5. We need to pass the Emergency Hunger Relief Act of 1988, introduced by Representative Leon Panetta and Senators Ted Kennedy and Pat Leahy, which would improve assistance provided through the food stamp program, reauthorize the Temporary Food Assistance Program, and enhance the school breakfast and lunch programs. We also need to increase appropriations for the WIC program.

6. We need to increase the minimum wage so that those earning it are not forced to live in poverty and can afford a place to live. In our latest survey we found that 22 percent of the homeless in the survey cities were employed in full- or part-time jobs. Fortunately, legislation to raise this wage level is pending in both the House and Senate. In addition, we must increase our employment and training efforts so that they can serve a greater percentage of the eligible population and better serve welfare recipients.

The fact that you are holding this hearing today speaks to your concern for the growing number of homeless families in this nation. But if Congress does not act, and act quickly, their numbers will continue to grow. The Conference of Mayors stands ready to work with you today and in the days ahead, to enact legislation so that this does not happen.

Acting Chairman DOWNEY. I want to thank the panelists.

Mayor Koch, I have two questions. First of all, I think in part you have given us a realistic assessment of what we are facing here in New York. You have also provided some perspective that this is not just a New York problem. Mayor Holland, Mayor Flynn have already discussed that, Senator Gore as well.

I am a little concerned about the idea that you presented to us, and that is that even if we were to provide you the flexibility you are requesting us to provide with respect to use of the shelter allowance, that you are going to have problems in site location. Can you give us some comfort, sir, this morning, that if we provide you with flexibility, that you will find the political will to provide this housing?

Mayor KOCH. I have the political will, but it isn't mine to order by fiat. I will give you the best illustration of it. We just had something that got a lot of notoriety in the press. We give special care to pregnant women, obviously, and women with children and infants; there is an enormous resistance to siting these facilities and wherever we can we would like to site them into an area that would have, in my judgment, the least adverse impact on the existing area. So we found a building, basically in a commercial area but adjacent to—there were residences there as well, mixed, and originally we were going to build private rooms for the women, but we were going to have communal bathrooms and communal kitchens; it saves costs. The local officials said, "No, no, no, we want these rooms to have their own bathroom and their own kitchen." We assumed that when they said that if we did that that they would be supportive. We did it at great cost and they voted it down. You know what they said? "You are putting this building to be occupied by women who are pregnant, effectively in an area where there are lots of other problems: There are drug addicts in that area; there are social problems in that area, and we don't want you to put it in there." Go try and put it in an area without problems, if you can find one in the city of New York.

It is all, in my humble judgment, not seeking confrontation, phony responses on the part of the people who vote no. No matter what you do in terms of upgrading the facility, which would be their initial objection, not good enough as a facility, they will find reasons to vote no. Now, you can't tell me that the women who we were going to put—48 women who were pregnant—who are now living in hotels, that they are not going to be better off in that building, and the argument was that we are putting them into an area that is not safe. Now, there is no question that they came from areas that were exactly the same, and the building they are going to go to would be much better than they have ever occupied—sadly, in the total sense of it—but the opposition was there.

So if you are asking me can I assure you that I can guarantee that every building that we think ought to be built will be built? No. I can tell you how it can be done, and here I am looking for my partner at the State level. If they used UDC, where you did not have to go to the board of estimate—the board of estimate votes these things down; they have done it a number of times. When originally we had had a huge victory. We wanted 20 and then we had gone to 16 and finally we got 11, and everybody said there was

a huge victory, with all those compromises that we made just to get 11, when we originally wanted 20, and everybody said how did you do it? Well, we did it. I don't consider it a huge victory, but it was perceived that way.

Then they sued us, members of the board of estimate. They will probably come here a little bit later, who knows. They are still fighting those shelters. And when we more reasonably, that is to say a short time ago, sought to get several other shelters through, two of them, one, two, were voted down that should have been voted up. So I cannot guarantee that it will happen, no. I will do my best.

Acting Chairman DOWNEY. Your reference to the UDC having the authority to override——

Mayor KOCH. The Urban Development Corp. on the State level has the authority to override. They have hearings but you don't go through the board of estimate. And I don't think the State is going to do that for us, although I wish they would. I am not criticizing them. I am simply saying nobody wants to take the flack. I am happy to take the flack, but I don't have the authority to impose it.

Acting Chairman DOWNEY. One quick point and then Chairman Moynihan will inquire.

We are going to have a hard enough time allowing you the flexibility to do what everyone seems to think is sensible and that is stop the wasting of money on these extraordinary shelters and allow you some flexibility to provide alternative types of housing. Mayor Holland, you pointed out that benefits have to be increased. We have a national minimum benefit for the aged, the blind and the disabled, it is called SSI. We do not have a national minimum benefit for children. They are left to the whim of each State law and both Senator Moynihan's and the House welfare reform bill attempt to rectify that additional problem which is indeed a problem. Benefits have to increase, if for no other reason than to provide the shelter allowance so that people can afford decent housing.

Senator Moynihan.

Senator MOYNIHAN. Mr. Chairman, I would hope I have the attention of both our panel and my colleagues here on a point that Mayor Holland made, who has been so helpful to us. He testified on behalf of the Conference of Mayors on the welfare legislation, he made the point, which people might be interested to know, that a quarter of the population of Trenton, the capital of New Jersey, is on welfare.

Mayor HOLLAND. More than that, a quarter is ADC.

Senator MOYNIHAN. A quarter is ADC?

Mayor HOLLAND. One-parent families.

Senator MOYNIHAN. Now, sir, on behalf of the Conference of Mayors you made a very powerful statement: You said since 1970 the median level of payments for AFDC has dropped 35 percent, a third. I remarked that our two committees, yours over on Ways and Means and Finance on our side, are wards at any given moment to one-sixth of America's children, those who are supported by survivors insurance or by AFDC. Now, since 1970, the benefits, per child benefits under survivors insurance has increased 53 percent in real terms. And ADC has dropped 35. Now, these are children, otherwise identical in their circumstances. They are 4-

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year-old children living with their mother. They are both covered by the same social system, Social Security. Now what is the difference between these two children, these two populations? It's very simple. The children on SSI are predominantly white and the children on AFDC overwhelmingly are black or Hispanic. And we treat them differently. Right there in our social insurance. Right there.

If in 1970 anybody went out and said, "The kids in New York are eating too much, I am going to cut their food allowance by a third," you would say, "What are you talking about, you're a bit of a monster." But we did it.

You can't blame the Federal Government for that, Mayor Holland, because in all truth, all you have to do to maintain the read value of AFDC benefits is to request them. They are automatic; isn't that right, sir? The Federal Government will maintain the value if the States requested them to do so.

Mayor HOLLAND. I get your point.

Senator MOYNIHAN. That is the awful fact.

Mayor HOLLAND. I would like to reinforce what Mayor Koch said about the difficulty in siting of social agencies. It took us 5 years to find a permanent location for a soup kitchen, which we haven't had since the Great Depression. It is referred to in our area as NIMBY, "Not in My Backyard." As the mayor pointed out, everyone is sympathetic with the need, but when it comes to meeting that need in their area, they are worried about it.

We were able recently to locate a program called LIFT, "looking into the future together," which provides for teenage pregnancy cases. I just still can't believe we were able to do that, but it was in the central business district and there were some other institutions in the area, and the person at the head of it was an unusual woman, a nurse who enjoyed a lot of public support. But generally it is almost impossible to site these facilities.

Senator MOYNIHAN. Despite the political will to do so.

Acting Chairman DOWNEY. Mr. Rangel.

Mr. RANGEL. Mayor Holland and Mayor Koch, let me tell you that the effectiveness of the mayors around this country on the 1986 omnibus drug bill, I really think can be repeated in other areas that perhaps some of the Presidential candidates have not addressed themselves to, but who necessarily that this is not a problem which mayors created, but it is a national problem.

Mayor Koch, when you talk about the landlords refusing the incentives that you have offered in order to get them to take in more of the welfare families, what answer do you give when we look at the city of New York as one of the largest landlords. In addition to that, you raised the point that it is the Federal Government that prevents you from using a lot of the AFDC money in terms of investing in housing, yet, do you find any restrictions with the large number of buildings, apartments that are controlled by the city of New York, to change their status so that the city would be in the position to charge the same rents which you now believe are necessary in the welfare hotels, to have the city to receive those types of rents?

So there are two questions: One, if you are surprised that other landlords have not received your incentives, why doesn't the city, as the landlord, take those incentives and do those things?

Mayor KOCH. Well, the first thing is, we are to some extent. Let me just tell you what we are doing. We have placed 4,700 families in the EAFHP units since the program has started, 4,700 families. Of that total, 1,100 were placed with totally private landlords. That is to say we have buildings that we call the POMP program—again, there are so many acronyms that I can't remember what they are—but it would be a program where we have spun off the building and given it to a neighborhood group.

Mr. RANGEL. Very effective program.

Mayor KOCH. We give them $10,000. We give it to them. So wherever we are in charge, we do that. We absolutely do that.

Mr. RANGEL. You were talking to Chairman Downey about communities rejecting facilities like this——

Mayor KOCH. They do.

Mr. RANGEL. And I can take you to communities where there are no people to object; the whole areas are owned by the city of New York. The buildings are owned by the city.

Mayor KOCH. Let me explain something, if I may, Mr. Chairman. If there is nobody there, there is a planning board there, and we are not allowed to take an existing use and use it if that building is empty. We have got to go—let's assume we want to rehabilitate a vacant building; we are not allowed to do that. Common sense would say "it was an apartment house before, let's make it into an apartment house again." No. We have got to go to a planning board. Or if there is a vacant lot, like this was a vacant lot, we want to build this, we have got to go to a planning board.

Mr. RANGEL. I hope that you are not saying that the biggest impediment of renovating the city-owned buildings are the community planning boards.

Mayor KOCH. No.

Mr. RANGEL. It's money; isn't it money?

Mayor KOCH. No. There are two things: These units, a major impediment are the planning boards. If you are talking about repairing in rem buildings, that is generally a problem and we are doing it.

Mr. RANGEL. Now, we have a problem of interpretation as to how you can use Federal funds, AFDC funds and emergency funds. But obviously at the time the city decided to use these moneys, they thought it was legal and the Congress is making it legal, maybe one step at a time. What is to stop you as the city's landlord to say that we wish we didn't have to pay these obscene rents to the welfare hotels, but this is an emergency, but since we own all of these buildings, we are going to put these buildings on track and we are going to make them decent, and unfortunately we are going to charge almost the same rents as these dirty, filthy, legal, despicable——

Mayor KOCH. Not legal.

Mr. RANGEL. Why is it not legal?

Mayor KOCH. Under the law it is a permanent apartment. It cannot——

Mr. RANGEL. No, no, please.

Mayor KOCH. No?

Mr. RANGEL. Listen, you are the mayor, you call it what you want. I'll change it. It is now temporary housing that has been renovated by the mayor of the city of New York, big sign.

Mayor KOCH. Charlie, the Federal Government to its credit, if they didn't do it they would be stupid, they audit every bill. You cannot simply say that you are going to fix an in rem building, which we are doing. Let's take these 4,000 apartments a year that we are doing, and we charge those people regular monthly rents, not the kind of rents, the $20,000 a year, but rather rents that range from $400 to $600 and it is all paid from welfare, but you could not, which is what you are suggesting I do, say that apartment will now rent for the same amount of money that we are paying a hotel. It is not legal and they wouldn't pay it.

Mr. RANGEL. I own the hotel. You are giving me $30,000 a year.

Mayor KOCH. It's a temporary apartment.

Mr. RANGEL. It's temporary, okay. You have to do it, you don't like it. He has a building that is owned by the city of New York and I convince him to go into temporary housing for the city of New York as a city-owned building. Now I want to know what is illegal with the city running temporary housing, charging these obscene rents, and then the rents that you pay for the welfare hotel?

Mayor KOCH. That's what we are doing right here. This building here——

Mr. RANGEL. I know what we are doing here.

Mayor KOCH [continuing]. Is $80 a day for a family——

Mr. RANGEL. Mayor Koch, I have talked with Andrew Cuomo, I have talked with Mr. Sachs, I have lauded them for doing this. What I am asking is since the city owns more buildings than they do, and they built these, why is it that the city cannot convert their permanent buildings into temporary quarters and charge the same rent as the welfare hotels?

Mayor KOCH. I will find out if that is possible. My instinct tells me that it is not.

Mr. RANGEL. I have been asking all the housing people, I haven't had the new commissioner yet, but everyone——

Mayor KOCH. May he step up?

Mr. RANGEL. Thank you.

Mayor KOCH. Abe Biderman, head of HPD.

Mr. BIDERMAN. Congressman, we are doing just that through a series of programs. Most of what we have rehabilitated is permanent housing but we are rehabilitating in rem vacant buildings for what we call transitional housing, such as this.

Mr. RANGEL. Well, that is it then. That's what I was asking.

Mr. BIDERMAN. We are doing that right now through various nonprofit groups.

Mr. RANGEL. So you are taking advantage of the same laws which the welfare hotel owners obviously have abused and you are providing decent temporary quarters with city-owned buildings?

Mr. BIDERMAN. Most of the rehabilitation of those buildings is for permanent buildings, but there are about 1,500 apartments right now which are being rehabilitated from the in rem stock for that purpose.

Mr. RANGEL. Okay. Thank you.

Acting Chairman DOWNEY. Mr. Weiss, for a brief inquiry.

Mr. WEISS. Thank you very much, Mr. Chairman. All of our inquiries are brief.

Just as a matter of coincidence, this afternoon I have the privilege of attending an occasion celebrating the completion of the Alexander Abraham residence at 341 West 51st Street, West Side of Manhattan, and that is a brownstone taken over by a small family foundation. It has maybe 25, 30 units at the most, for single mothers with two children I guess, mostly kids who are under 4-years-old, and the only difference between the mothers and the children living in that building and those in the hotels is the place where they live. Because the place where they live, and because there is a social service agency that is participating, in fact, they have the support system to go out for training. Many of them work. I guess the point is that what we are suggesting is flexibility. This kind of facility is marvelous in some places in the city. The facility has received nothing but praise from the surrounding community. So I think there are ways of getting community support and involvement.

Mayor KOCH. Congressman, what you are saying is that a community would like to have a brownstone be occupied by 25 families or 25 women with children as opposed to one that is going to have 200 like this. That's what you are saying.

Mr. WEISS. What I am saying——

Mayor KOCH. The answer is yes. There aren't that number of brownstones that wouldn't be available for that purpose.

Mr. WEISS. What I am saying is that—and all that we are suggesting in legislation—is not that there be a fixed pattern as to what you have to do, but to give you, give the city——

Mayor KOCH. Flexibility.

Mr. WEISS [continuing]. Flexibility so that, in fact, you can take advantage of every nickel.

Mayor KOCH. It is an economy of scale. There are people who say no more than 25 families in any one facility. There are people who take that position. Our position is that overwhelmingly that would not fill the need and would cost us an enormous amount of money because when you start providing social services and you start providing day care for 25 families as opposed to 200, there is a huge difference in cost.

Mr. WEISS. Again, I am not sure. All I know is that I look at that, and with private support, which has been able to be induced in this situation, you can in fact accomplish a lot of things which otherwise the city on its own could not.

Mayor KOCH. We certainly will look at it, and I don't want to kid anybody. There isn't anything we do that is cheap, nothing. When people start looking at the prices that they have to pay, it will flabbergast you. I mean even here, but this happens to be relatively cheap. Some of the new ones are going to be much more than this. But you have to decide, is it worth it? Not just the physical facilities which are so different than the ones that we constantly see and harangue about quite correctly, but the social services that are a major part of this unit and whatever else we are building. And we are going to do it.

We believe that there is no option, but it is going to take five years to do it.

Mr. RANGEL. Just on that point, if you were to compare this with the welfare hotel, and it is easy to say that the cost is comparable——

Mayor KOCH. Yes.

Mr. RANGEL. But when the welfare owner finishes taking the Government money, there is nothing left, not even ashes.

Mayor KOCH. Correct.

Mr. RANGEL. But when you have a facility like this, there is something left, but even more important, the lives are not as broken.

Mayor KOCH. We're in the court.

Mr. RANGEL. I want you to resist comparing that everything is expensive. There is nothing more expensive than providing that rat hole in the welfare hotel, that even after the money is poured in there is nothing. And I am suggesting that even though this is expensive per unit, that to me compared with welfare——

Mayor KOCH. Congressman, you see, everybody has a different way of expressing themselves. My way of expressing myself is to say: "This is what it costs; this is what we are getting for it; compare it with something else that we don't like," but I want you to know it. I don't want you to believe that this grows on a tree, it doesn't. There are a lot of problems. I don't want to open up a whole new can of worms. If the unions had allowed us to do what we had wanted to do, which was to have prefabs and modulars, fully prefab, this would have been even cheaper. They wouldn't do it. We tried to embarrass them, they wouldn't do it. We tried to do it confidentially, they wouldn't do it.

What I am simply saying is it all costs money. There are huge problems. Everytime I hear people from different communities get up and talk, and I know they are talking out of the goodness of their heart, and then I say to myself, "But when it comes to your neighborhood, you are going to be screaming against it," because that is my experience. When I hear public officials, every one of them will come before you and tell you that we have got to do this and we have got to do that, and how sad it is, and then when it comes to voting for something and thousands—more likely hundreds of people—come down and threaten them, "We don't want it in our neighborhood," they buckle. It is not easy.

Mr. RANGEL. With all the empty buildings in my district, I tell you, you count on me to get those buildings renovated and put back on the market——

Mayor KOCH. And we are going to do it.

Mr. RANGEL. And I will leave Washington and I will come up and throw my body in front of city hall.

Mayor KOCH. I want to tell you something——

Mr. RANGEL. If you are telling me that all of these communities that are just abandoned, that you are going to bring them back to life——

Mayor KOCH. No, I want to tell you, because we are on the same side——

Mr. RANGEL. Sure.

Mayor KOCH [continuing]. And I want to tell you what the facts are. The facts are that if you go into a neighborhood and you say to them, "We are going to build, rebuild a vacant building, and we

are going to bring in 200 homeless families," they are outraged. And do you know what their outrage is? They're saying, "This is the newest building on the block and we don't have a crack at it? You are going to put homeless families who have never lived in this neighborhood on this block and we have suffered all these years?"

My response is, "I appreciate your pain, but these people at this moment in time are suffering more; therefore, we have to put them here."

Now, of course, if you could, in the best of all worlds, which never existed, say you will go from this building here and we will put this person into what you occupied before, it is not doable in our society. It is not doable. So there is a lot of built-in opposition which you don't see when people come before you and tell you how much they want these things, but not on their block.

Acting Chairman DOWNEY. Mr. Owens?

Mr. OWENS. Just briefly, the magnitude of the problem is going to be with us for a long time. This kind of facility is going to be needed. It is going to reinforce what I said before. I don't underestimate the difficulties of the siting problem, but I think that what happens here will help us a great deal with the siting problem, and let us not cut the budget for security 6 months from now; let us not cut the budget for the social worker 6 months from now. Let us not unwilling, afraid to organize the tenants so that they tell us that the guards are taking bribes and letting drugs in——

Mayor KOCH. Sure.

Mr. OWENS [continuing]. And a number of other things.

We have a reservoir of knowledge about what goes wrong in places like this when you have a dense concentration of people with problems. Let us not fail to deal with those problems.

Mayor KOCH. I have to interrupt.

It is not a question of saving a few pennies here or there. We just cut our budget by $60 million, a total of $300 million for the next budget, by eliminating 2,000 cops. That's not just pennies here or there. The fact is that we can't afford it. So I am not going to——

Mr. OWENS. Our time is limited. I don't want to argue with you cops——

Mayor KOCH. Congressman——

Mr. OWENS. Everything that is budgeted for——

Mayor KOCH [continuing]. When you tell me "this facility," I am telling you that there isn't a person in this city, given an option between cutting social services and adding 2,000 cops wouldn't add the 2,000 cops, but not me. I said we're going to cut those 2,000 cops; a lot of screaming because you have to engage in triage. But if you think that any particular service is sacred, with the exception of education which I do think is sacred because of all of the ramification, there is no such service, with the exception of education.

So you cannot say to me "save a few pennies," because we are never dealing in pennies. I deal, regrettably, in millions.

Mr. OWENS. I think you missed the point.

Mayor KOCH. I hope not. I think I understood the point.

Acting Chairman DOWNEY. We are going to be in triage for the hearing if we don't move on.

Mayor KOCH. Okay.

Mr. RANGEL. And he is not being confrontational.

Mayor KOCH. I am not, we are all on the same side.

Mr. RANGEL. Thank God. Imagine what it would have been if you really were upset.

Acting Chairman DOWNEY. Thank you, members of the panel.

Senator MOYNIHAN. For the record, I would like to add that EAFHP, as you heard, is the Emergency Assistance Free Housing Program.

Can we get on with our morning, but I guess now we are in our afternoon.

We have a panel of distinguished elected officials, executive and legislators. The Honorable Abe Gerges, who is the chairman of the Select Committee for the Homeless of the New York City Council; Hon. Patrick G. Halpin who is the newly elected county executive of Suffolk County, and his colleague across the sound, an old friend of this committee, Hon. Andrew O'Rourke, county executive, Westchester County, NY.

Gentlemen, we welcome you, and as is our practice in these hearings, we will hear you in the order that your name appears on the witness list, and that, Mr. Chairman, is you, first.

STATEMENT OF ABRAHAM G. GERGES, COUNCILMAN, AND CHAIRMAN, SELECT COMMITTEE FOR THE HOMELESS, NEW YORK CITY COUNCIL

Mr. GERGES. Thank you very much, Mr. Chairman. I want to welcome everybody here to Brooklyn, especially those people who may not be from Brooklyn.

My name is Abe Gerges. I am a city councilman. I chair the homeless committee in the city council, and I am particularly pleased to be here because I have now chaired this committee for 2 years and might give you a different type of an insight and hopefully some of the solutions as to some of the issues that were raised, and I am sorry Mr. Rangel isn't there because I want to answer some of the particular issues that he raised.

No. 1, when you speak to the average American and you ask him who the homeless are they usually say the derelict on the bench. But as we have already heard here, 50 percent of the homeless of the city and of this Nation are children. And even though you saw a chart here that showed 30,000 people going through it, what you should have realized is that that is 120,000 children in this city, only in New York City, that go through the system. I was interested when Mayor Holland indicated that you were holding the hearing here, and how wonderful it was that you hold the hearing here because this is a good shelter, and it is a good shelter, but you should hold your hearing at the Holland Hotel or the Martinique Hotel, and then you would throw up, and then you would understand really what the problem is and you would understand the 1,200 children that are in the Martinique Hotel that have only pimps and prostitutes and we pay the landlord $2,000 a month for a room. Then we would first start to understand what the problems are and how what we are doing is creating, literally, creating the

adults with the problems because of what we are doing to these children.

Let me go specifically into some solutions. In January 1987 the city council issued a report which was the first indepth report analyzing costs, and I support very strongly all money that comes into the city of New York, but I also am smart enough not to take for granted anything that anybody tells me. For example, is this place more expensive than the Holland Hotel? The answer is no. Of course it is not more expensive than the Holland Hotel. What you have in the Holland Hotel, and Charlie Rangel was close to it, is the fact that we give the landlord in this city up to $70 million, a couple of landlords, in rent, and what do we get? A hell-hole room. The same dollars given to a nonprofit organization, like HELP–1, or like the Henry Street Settlement who has been there for 15 years, they take the profit and they use it for social services. What we do in the Holland Hotel, and you have got to add up all the figures when you want to know what the costs are, is we pay the landlord $2,000 a month and he puts it in his pocket and then we put in social workers and we put in all the workers on top of that. So the cost is much more expensive to the city of New York, and you the Federal Government are picking up 50 percent of the cost.

Charlie, you asked the mayor whether or not you can use those same dollars in the city of New York. I am going to give you a copy of a report that we issued in January 1987 which says unequivocally you can. There is no question you can. You just have to be smart enough to know how to use those dollars—to know how to do it.

What you do is you take a Henry Street Settlement—which some of you should go down and visit, by the way—which was a building that was rehabilitated, 100 units. There is not one guard there, by the way, because people there live in dignity, with four-room apartments. What they do is they get paid the same amount of dollars that we pay to the hotel, and they take those dollars and they have a surplus at the end of the year which they returned to the city of New York last year, and they have social services and they treat people with dignity. That is how you do it very, very simply. You take a building, you turn it over to a nonprofit, you let them run it, and then you take the same dollars that the Federal Government gives you to pay the hotel owner and you pay yourself. And if you are smart enough you take 50 100-unit buildings, you rehab them, you have got 5,000 units and you get everybody out of the welfare hotels, and if you are really smart what you do is you make them into full apartments, regular two-bedroom apartments. There is nothing in the law which says that transitional housing has to be a hotel room. It says it has to be used for transitional purposes. So you take those apartments and you use them for transitional purposes, and the following day, when you no longer need transitional housing, you don't put more money into it, but what you do is convert it into permanent housing. That is being smart and that is having vision.

The major reason why we have the problem, we all know. When two-thirds of all the money, the Federal dollars is taken away from low and moderate income housing, is taken away as it has been in the United States over the past 10 years, and even more than that, then in effect you have the problem that exists. Let me make some

specific recommendations as to what you should be doing with your legislation:

No. 1, I am pleased that the city council introduced legislation which passed the city council which will be before the mayor over the next few weeks, to get people out of hotels over 5 years. I am pleased that I introduced that legislation; it was unanimously passed by the city.

Over those 5 years what you should do is make sure that those dollars are utilized for that type of housing that I am talking about so that in the long run we will be out of the hotel business. But let me get to the more important point: How do you get communities to accept homeless people in a district? It is real easy. I mentioned this to the mayor, he didn't think it would work, but I tell you it will work. It's very, very simple.

You know what the program is now when you become homeless in Brooklyn? They take you up to the Bronx for 2 days; Queens for 3 days; Manhattan for 1 day. Why not have a program—which, by the way, is under State regulations and I have asked them to enforce it and I will tell you the reason why they don't enforce it—why don't you build transitional housing in areas where people become homeless, and keep families who have a trauma when they become homeless—a little child that I took around for the day—why not keep them in the same areas where they become homeless?

One community group could then not get up and say, "Hey, we don't want those people here." Well they are our people. When I had that problem in my district, we had the people to unanimously, the community board, to approve homeless shelters. And the mayor will tell you the nonprofits in this town, 15 groups throughout this city, in Crown Heights, doing the same type of programs; apartments that make sense, unanimously approved. But the communities say "lousy programs we don't want." That makes sense. You wouldn't want a lousy program in your district. But if you built and rehabbed some of these buildings that Charlie was talking about, the Congressman was talking about a moment ago, and you had full apartments and if you said if a person becomes homeless—because we are now able to track where the homeless come from. We can tell what community boards they would come from. So you would have a program that makes sense. If you become homeless, you are a family, you don't want to take your kid out of that school. What is happening to 12,500 children tonight that are living in these outrageous conditions, and then a fire comes in that house and then you move them to one place, the next place and the other place? Well, that's the type of programs that make sense. They are cost effective. They are cheaper.

I want to issue and give you a copy of a report which is a very comprehensive report. There are cheaper, cost effective, more humane, make sense, will have community approval, and will save us money.

Senator MOYNIHAN. We would like to make that part of the record.

Mr. GERGES. Thank you.

[The prepared statement follows:]

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FINANCE
ECONOMIC DEVELOPMENT
GOVERNMENTAL OPERATIONS
WOMEN
BROOKLYN LIAISON
TO CITY COUNCIL

March 28, 1988

As Chairman of the New York City Council's Select Committee For The Homeless, I am pleased to be testifying this morning on a problem that is especially acute in New York City.

We house approximately 5,000 homeless families nightly and pay an average of $2,000 per month for each room. Most hotels are in outrageous condition. They are often the site of illegal drug use, prostitution and other crimes. Most rooms do not even have a kitchen. There are 12,500 children who are in the emergency housing system each night and about 25,000 children who pass through the system each year. What a waste for these children who will become the troubled adults of the future! Given the hotel conditions, the family unit is often disrupted and the taxpayers money is wasted. The Federal Government pays 50% of this catastrophy. There are better solutions.

The need for affordable low and moderate income housing is evident. Anything else is just "spit and glue". In the interim, I suggest the following:

1. Cities should be required to formulate a five year plan to eliminate the use of homeless hotels by the private sector. On March 22, 1988, the New York City Council passed such legislation, which I introduced, requiring the City to eliminate the use of homeless hotels over a 5 year period.
2. As New York City has many abandoned buildings owned by the City, these should be resources used for permanent and transitional housing. These units should be apartments so that the integrity of the family structure is maintained and cost effectiveness is enhanced. The creation of such housing will reduce the need for restaurant allowances.
3. Non-profit organizations should be selected to run these programs because

it is both cost effective and presently landlords are pocketing the profits from hotel rent payments. Non-profits will use the revenue produced by rent to provide social services. Legislation should be passed to exclude non-profits who operate apartment-style transitional housing from Federal regulations so that rent profits can be utilized to provide social services for clients.

4. We should implement a preventative program that will stop people from becoming homeless. This can be done through the intervention at the level of the courts (landlord/tenant) where evictions often lead to homelessness.
5. Homeless shelters should be built in areas where people become homeless. This will prevent additional trauma for children and families who are often moved to unfamiliar surroundings.
6. We need to increase Public Assistance allowances for rent so that people will be able to find permanent affordable housing. This will also save money for the Federal Government, as well as for cities and states. This should include grant monies for those who can find an apartment. The present housing allowance is unrealistic: a family size of 2 receives $250 per month, a size of 3 receives $286, and a family size of 4 receives $312 per month for rent. Try to find an apartment in New York for that amount of money!
7. Many families live in doubled-up conditions and these families should be provided with dollars for assistance in rent payments.

Let me remind you that 50% of the homeless are children and unless this problem is addressed and resolved, the cost in human lives and economic burden will be devastating.

Thank you.

"WHERE'S THE KITCHEN, MOMMY?"

By: Abraham G. Gerges

It was an ordinary Monday morning at the Washington home. Mom and Dad went off to work and Sarah went to school as usual. Returning to her home in Bushwick at the end of the school day, Sarah noticed a lot of lights flashing and police and fire trucks on her block. She wasn't alarmed because this happened often in her neighborhood. But as she approached her house, she panicked. It wasn't just another fire; this time it was her house on fire.

By the time her parents came home, the fire was out. The three of them stood on the sidewalk in disbelief. Everything was gone. No home, no clothes, no savings in the bank and no insurance.

This was the beginning of a tragedy that strikes many New York families. Over 11,800 different families use the City's Emergency Housing System each year. The number of homeless families in the Human Resources Administration's Emergency Housing System has grown from 800 in 1978, to 2,500 in 1983, to over 5,000 in 1987.

Sarah, her mother and father, soon became part of that system. At first, after turning down shelter at the Red Cross, the family stayed with friends. HRA studies indicate that families who lose their apartments do not immediately request City shelter. They rely on relatives and friends for both permanent and temporary housing. But such arrangements only last for a while. After several weeks, the Washingtons' outlived their welcome. Unable to find an apartment they could afford, Mr. & Mrs. Washington, leaving their pride behind, turned to the city for help. Then the nightmare began.

The family was shuffled from one hotel to another. Three days in the Bronx, three in Brooklyn, three in Queens. This was done because no hotel rooms were immediately available for long-term stays. The Washingtons also got a quick lesson in the hotel business: owners increase their earnings by renting rooms by-the-hour during the day and to homeless families at night.

After many weeks on this treadmill, the family was given a more permanent "home" at Manhattan's Martinique Hotel. Some families considered the Washingtons lucky - the room was better than three cots in a congregate shelter. But the Washingtons didn't feel lucky. When Sarah first saw what was to be her new "home", her first question was, "Where's the kitchen, Mommy?" All she saw was a 10 X 12 room with two beds, a dresser, and a tiny bathroom that was shared with the adjoining family of four in the next room.

Sarah always looked forward to coming home from school. Her mother, who had a part-time job, would arrive home soon after she did and the two of them would snack in the kitchen while Sarah talked about her day at school. After dinner was homework time, and since her bedroom was small and didn't have a desk, homework was done on the kitchen table.

Sarah's shock at not finding a kitchen was not an isolated case. The policy of the city is to place families into shelters and hotel rooms that have no kitchen facilities, and then to provide them with $3.55 per person for 3 meals a day eaten in restaurants. Sarah's mother could not believe that she could not cook a wholesome meal for her family. She could not believe that Sarah would be transferred to a school that was closer to the hotel, but had a poor reputation. Her mother also knew how difficult it would be for Sarah to make new friends mid-year, especially living the way they now were. Not only had Sarah lost her friends, her school and her church back in Brooklyn, but as far as she was concerned, her very life. Her parents weren't dealing with this situation much better. As a result, their entire family structure slowly began to erode.

Few people are aware that 50 percent of the homeless in our city are children. In October, 1987, there were 6,156 children between the ages of 5 and 18 living in temporary residences throughout the city. Only 3,809 of them were registered to go to school. It is safe to assume that 50 percent of our homeless children have not even been touched by the school system. Although there are 17-year-olds who drop out of school, there are also seven-year-old children who have never even attended school, and others, like Sarah, who may stop going to school because of this major disruption in their lives.

Sarah's mother was forced to quit her job in Brooklyn. She was worried about Sarah's reluctance to go to the new school she was assigned to and was afraid to leave her in a hotel totally unsuited for raising a child. The role of the hotel security guards was questionable. Pimps, prostitutes, and drug dealers were seen on a daily basis. Other women warned her to stay away from the guards who were seen as being there not to protect them, but to harass them. They had a reputation of asking for special "favors" in return for certain privileges whereas drug dealers freely entered the building, often using the children as couriers for drug sales.

Although it was illegal to have a hot plate in their room, Mrs. Washington, like all the other mothers, bought one any way in an attempt to make their food allowance last longer. Dry goods and cans were stored in all corners of the room. She even smuggled in a street cat to help in the endless battle against roaches and mice.

While Sarah's mother was caught up in the daily struggle to feed, clothe, and protect her family, Sarah's father was becoming more and more despondent. He couldn't accept his inability to get his family out of this mess. The wages from his job were insufficient to pay for even a small apartment in their old neighborhood, especially now that his wife had stopped working. The house they had owned had not been luxurious, but had been affordable because it was left to them by his deceased father. His feelings of helplessness started him drinking and as a result, he lost his job.

The city spends an average of $2,000 per month for a room like the one Sarah and her parents were living in. Last year, 60 hotel owners were paid over $50 million for rooms, some of which had serious health and fire violations. Approximately 3,500 families live in these dingy hotel rooms each night. Some 12,500 of them are children. Twenty-five-thousand children go through this system each year. They are the invisible homeless. In the event that programs are not initiated to prevent homelessness, the caseload is expected to increase to 8,800 families by 1992.

As chairman of the New York City Council's Select Committee For The Homeless, I have toured most of the homeless hotels and shelters in our city. The above story of Sarah and her family is a compilation of the many stories I have heard from the hundreds of people I have spoken with in similar situations. This reinforces my belief that putting families with children into these hell-hole environments only destroys the family structure and can traumatize the children to such a degree that they become the disturbed adults of tomorrow.

I have met many families who have lived in hotels such as these for over five years. They WANT to get out. However, they must live in a hotel for at least 18 months before even becoming eligible for a city-owned apartment - and even after that period of time, there's still a long waiting list. Half of the families living in this so called "emergency housing" leave within three to five months; the rest remain for about two years. Fire victims, battered spouses and other trauma victims tend to stay for shorter periods of time. Only 10 percent of families who leave the system return within one year. The remainder leave the system permanently. Eighty percent leave on their own, while 20 percent get placed into city renovated apartments.

On one of my tours, I visited a small hotel. The owner was receiving $2,000 per month for a tiny room without a kitchen or bathroom. It contained literally nothing but a bed and a television set. The occupants were a mother and an 11-year-old girl. After talking to the mother, I noticed the child huddled in one corner of the bed watching TV. When I asked her why she wasn't in school, she said she didn't like school anymore. She looked sad, forlorn and severely depressed. On the spur of the moment I asked her if she would like to spend a day with me to learn some of the things that a City Councilman does. In her withdrawn state, she seemed ambivalent. I told her I would call her the next day so that she would have time to think about it. Why did I do this? As I looked at her, I saw the thousands of faceless children lost in this inhumane system, children whose every day is the same as the last - no place to play, no place for quiet study, no privacy, loss of self-esteem, and nothing to look forward to - caught in the endless trap of poverty and homelessness. Maybe I could make at least one day memorable for her.

With great difficulty I finally got in touch with her, and she agreed to spend the day together. Our first stop was breakfast with the Fireman's Union where she listened with interest to the firemen complain about the closing of a Brooklyn firehouse. We then went to another breakfast meeting regarding jobs for youth. "Do you think I can get a summer job?" she asked. Our next stop was a City Hall press conference where I introduced her to Mayor Koch. "I hope you're enjoying your day with Councilman Gerges," said the Mayor. "Who knows, maybe you may be a councilwoman someday." Doesn't he know that the city's policy of placing children like her in welfare hotels seriously impairs their ability to fulfill such a future?

After a Council Committee meeting, I took her to lunch. As we ate, she started to open up and become more animated. She told me that her mother drinks a lot. "How do you stop people from drinking and using drugs?" she asked. "My friend who lives in the next room uses crack. I told her not to. And the mother of the boy down the hall threw an iron at him and he now wears a brace on his neck. I hate living here."

I asked her why she wasn't going to school. She explained that she didn't like her new school but when she went to school in Brooklyn, before they became homeless, she never missed a day. This was not new to me. I believe there must be a policy change to maintain the continuity of education. Families who become homeless should be housed in their own neighborhood to prevent this loss of friends and teachers.

We then went to a City Council meeting at City Hall. I introduced her to the full legislative body as a student spending a day with me. Her face lit up as she got a round of applause. In about a half-hour, I noticed she was sound asleep in her chair. I knew that Council meetings could be boring for a child, but then I remembered her telling me she went to sleep at 3 a.m. after watching TV all night and got up at 6:30 to be ready for me.

I brought her home at 3:30 because she was tired and wanted to go to sleep. When she saw her mother, she exuberantly exclaimed, "Guess who I saw and shook hands with and spoke to? Mayor Koch! I might even be on TV!"

Leaving her back at the hotel was like putting an innocent person into jail. She had a good day that day, but what about the rest of her life? What about the thousands of other children who spend homeless years with nothing to look forward to? My research into the problem of homelessness has indicated that there are better, more humane and more cost-effective solutions to this ever-burgeoning problem.

1. Rehabilitate 50 city-owned abandoned buildings with 100 apartments each and take all homeless families out of the hotels over the next five years.

2. Legislation should be passed eliminating "warehousing" of the estimated 25,000 to 75,000 vacant apartments throughout the city that are being withheld from the rental market.

3. Expand the program to prevent people from becoming homeless by placing additional city workers in housing courts and HRA centers. These workers would try to resolve landlord/tenant problems, preventing needless evictions.

4. Use the monies spent in payment of exhorbitant rents for hotel rooms to build permanent low and moderate income housing.

5. Implement a more coordinated effort in renting the approximately 3,000 renovated, vacant apartments owned by the city.

6. Implement programs permitting homeless families to remain in their own neighborhood in order to minimize the trauma on families.

7. Encourage real estate developers and non-profit providers to join forces to construct and operate apartment-style transitional housing.

The question must be asked - If the solutions are so simple why haven't the city implemented these programs? The answer is almost unbelievable. The reason the city has not rehabilitated buildings and used them instead of hotels is that the city believes that if you make the housing programs too good, people will use homelessness as a vehicle for getting an apartment. This was told to me privately when I met with the Mayor two years ago to recommend these solutions. He also made these statements publicly. Ironically, the city's own statistics reveal that families placed in apartment-style emergency housing leave the system faster than families placed in hotel rooms. For these reasons, I have introduced legislation to force the city to implement some of the above recommendations.

It is no wonder that the REPORT OF THE COMMISSION ON THE YEAR 2000 concluded:

> "This year, the city will spend about $80 million in mostly Federal funds to house homeless families in hotels. This represents the worst possible social policy. We could hardly devise a more destructive policy for all involved if we set out to do so."

The city presently spends over $131 million to house homeless families. We can do a much better job with the same amount of money by implementing the above policy changes. With these changes, families, such as Sarah's, who experience the loss of their home, would be placed in another apartment in a reasonable amount of time so that never again will a child have to ask, "Where's the kitchen, Mommy?"

Mr. RANGEL. Very well said.

STATEMENT OF PATRICK G. HALPIN, COUNTY EXECUTIVE, SUFFOLK COUNTY, NY

Mr. HALPIN. Thank you, Senator Moynihan, Congressman Downey and the other members of the committee.

I appreciate this opportunity to come to talk to you about homelessness as it relates to the suburbs because I think too often homelessness is perceived as an urban problem, but it is increasing dramatically in the suburbs. In Suffolk County alone, a county just to the east of here, two counties over, the number of homeless families has increased by over 90 percent in the last 3 years. And the number of individuals without homes has jumped nearly 86 percent.

The typical homeless family in the suburbs includes a mother with two or three children.

Senator MOYNIHAN. That is basically a welfare family?

Mr. HALPIN. That is right.

And it seems that the number of homelessness has increased in direct proportion to the region's prosperity. Almost 20 percent of our homeless families had incomes that exceeded public assistance eligibility levels in Suffolk County. They are the working poor; people who work hard. Many times both parents are working but are unable to make ends meet in our affluent society. Really, what it comes down to is that there are many, many families that are just a mortgage payment or two away from being out on the street in places like Suffolk County.

Let us assume that your son or daughter could afford to pay $400 a month in rent. In many areas of the nation that would get them a very nice apartment, but not in Suffolk and not in Nassau County either. Where are they going to live? Assuming that they were able to pay more than 25 percent of their income for housing, they would be unable to find an apartment for their families in most of Long Island on an income of $19,200 a year. Those apartments simply do not exist.

The root problem of homelessness on Long Island is the lack of affordable housing. We simply can't build enough shelters to house those in need. And even if we could, we shouldn't. Because to do so would be to admit that we have failed as a society. We have failed as a society to provide the most basic of human needs, a permanent roof over a person's head. Without adequate shelter, without a home, a family has no roots, no cohesiveness, no dignity. As the Irish poet, William Butler Yeats, wrote: "Things fall apart, the center cannot hold."

In the last century in Ireland they had a term for those sons and daughters who had to leave their families and their ancestral homes in search of a better life; they are called the wild geese. On Long Island, only 12 years from the 21st Century, we have our own wild geese. They are our own sons and daughters and sometimes even our parents, and we can't afford to lose them. If the sons and daughters of these working men and women who made Long Island what it is today can't afford to leave their parents' home, if they move to another State or another area, if they must live in illegal

basement apartments, what are we to say to those without any homes of their chances of finding one? Their despair is real and what we offer is cold comfort.

Suffolk County has not been idle in addressing this problem. We have received State grants to rehabilitate county-owned homes for the homeless. We have used the emergency assistance rehousing program to provide permanent housing instead of placing people in motels. We have already rehabbed a number of homes and there are more under contract. We have increased our social welfare case management services to aid homeless families and we have made agreements with not-for-profit agencies to provide temporary shelters.

Three years ago we had two shelters; today we have 15; and there are 10 more being developed. But these are not solutions. They are just temporary stopgaps. The last 7 years has seen rising homelessness. Skyrocketing rents, a dramatic decline in home ownership, and a 75 percent cutback, from $33 billion in 1981, to $8 billion in 1987, in Federal housing funds. And the Federal regulations that I know are now being considered, which you are very concerned about, will seriously impair Suffolk County and other suburban counties' ability to provide shelter for their homeless. The proposed regulations would prevent the state from including in its standard of assistance an amount for shelter that would vary according to the type of housing occupied, and that would have devastating consequences in a county like Suffolk.

Additionally, the regulations would change the Federal reimbursement formula for emergency shelter payments and limit them to a regular statewide standard. What do we do in a high-cost area like suburban Long Island?

In dollars and cents, let me tell you what it would mean for Suffolk: The difference between Suffolk's average monthly cost for motels or shelters of $1,800 and the State standard allowance for a family of four—$422—would have to be made up by the State and local governments. For this fiscal year it would mean a loss of about $1½ million for Suffolk as a result of that cutback, but that is not all. Our county also uses emergency aid to families to make a variety of emergency payments in order to avoid homelessness, primarily to families not receiving public assistance but who have hit some tough times. It is also an effort to help them off welfare rolls and to keep them off the welfare rolls. These payments are for such critical items as tax, mortgage or rent arrears, utility payments, or to restore services, or to repair the heating equipment in a home or an apartment.

By making these payments, the county is able to help families catch up on their family obligations and avoid the necessity of going on the welfare rolls. Unless these regulations are modified, the Federal contribution for utility payments would plunge from its current level of $300,000 to $75,000 a year. That would boost the county's cost from $150,000 to over $260,000 a year. And with those grim figures, we have to add another $56,000 a year in additional costs where we are helping people with their mortgage or rent arrears if Federal participation is slashed.

Now, these actions, or this proposal, these cutbacks, would certainly save the Federal Government money short term, but long

term it would add to the cost of the Federal Government. Obviously, it would add to the cost that the State and local governments, in our case counties, would have to bear. But they also represent another example of the Federal Government's abandonment of the commitment of easing the suffering of those most vulnerable in our society.

What should Congress do? To borrow a phrase from President Reagan, "You just have to say no."

Senator MOYNIHAN. Thank you, sir.

Mr. HALPIN. Thank you.

Senator MOYNIHAN. Mr. O'Rourke, we welcome you.

STATEMENT OF ANDREW P. O'ROURKE, COUNTY EXECUTIVE, WESTCHESTER COUNTY, NY

Mr. O'ROURKE. Thank you very much, Senator Moynihan, Congressman Downey, Congressman Rangel, and members of the panel, ladies and gentlemen. I am glad to be here today. I would like to thank the Committee for an opportunity to be here today for several reasons. Certainly listening to Pat Halpin, who underlined the fact that, and I think it is an unfortunate misconception that homelessness is somehow a problem of New York City or cities. It certainly is not. The displacement of families goes across borders all throughout the State of New York and the United States of America.

By the way, I have an 11-page speech which will be placed in the record as though read, I hope.

Senator MOYNIHAN. Yes.

Mr. O'ROURKE. With a great deal of enthusiasm and gusto, and I will just hit the high points as we go along.

Westchester County is blessed in many ways, and I know many of you have been there. Senator Moynihan has committee meetings up there often, and I hope as I tell you about it, you will hear the past the music in the background. We enjoy a great diversity. We have urban cities, and we have suburban developments. We have open spaces. We have almost 900,000 people, we have 30,000 horses. I am attempting to register all of those. An impressive array of Fortune 500 corporations, we have 11 symphony orchestras in Westchester County. Unemployment rate is 2.9 percent in Westchester County. We have triple-A bond rating, we aren't propped up by insurance to get that, we get that because we run a good solid government. We have 8,500 people that work for us, we spend $1 billion a year and we believe we deserve the name that we have given ourselves as the golden apple, above the big apple of New York City.

With all of these assets, it was hard for me to imagine when I became county executive in 1983, that I would have to preside over a social service empire of the size and complexity of the one that exists today. I don't want to give you just a graphic illustration of what has happened in the homeless housing area, when I took office, the money that we spent in that budget, the first one I submitted was three-quarters of $1 million, $750,000. Today it is $54 million and growing, growing, and growing.

You need enough money that can go for tax decreases, it could go for child welfare, it could go for senior citizens, it can go for all of those things as well as for rent receipts. And we are not even sure of the validity of the rent receipts it is going for, because somebody somewhere is going to have to look into the floor level of this program, because I think there is a big number out there that has to be looked at. It is a very real thing in Westchester County. It is a human tragedy, it is a fiscal nightmare, especially for those of us who have to put our name on that ballot every once in a while and try to get reelected.

It is being paid every day by our young children in Westchester County because we have 4,000 people, and it doesn't sound like a lot when you are talking in relation to New York City, 4,000 people that are homeless. But, Congressman Rangel, we are the second-largest homeless problem in the State of New York in Westchester County, that affluent county right above the Bronx. You hear names of the Martinique Hotel. Let me tell you, in Westchester County, we throw names around where we have these homeless people, of the Hilton or Marriott or Howard Johnson, and we still are not getting anywhere. We are not touching the problem in Westchester County, we are just spending money on it.

We have a system that doesn't work because it can't work. It is interesting, in New York State law, the city of New York has this privileged position of being the only first-class city under the First-Class City law. Everybody else is either a second-class city or a third-class city because New York is the only one over a million people. However, outside of New York City, it's county governments, it is the Pat Halpins and the Andy O'Rourkes that have this problem.

Pat Halpin, I knew him as a State legislator. He has been in office a few months. He is getting greater all the time. We have to start to worry about this guy. Worry about the fact that the counties have to raise a local share of the money that comes in that has to be spent on this utterly hopeless program that we call the homeless housing program. And another interesting thing about counties is we have no control at all over land use. The mayor of the city of New York sits here and talks about the trouble he has siteing it. Can you imagine the siteing problems you have when you don't control anything to do with land use. The city's towns and villages, not counties, control land use in the State of New York. We are totally excluded from everything but the problem. It is an interesting set of facts in New York.

Historically, our welfare organization dealt with the administration of funds. We are now in the housing business, and I feel particularly sorry for the social workers. By the way, the very first job I had out of college was I was a social worker for the city of New York. The job I got from the Democratic Party, I might add, and they were very helpful to me at the time. And we have that problem in Westchester County. And a huge problem of burnout I see in our social workers, who are on the front line and trying to find places for all of these people every night.

And I might add that the localities, the city's towns and villages that have the ability to work in the housing area have no political incentive at all to do anything about it because the cost for the

homeless is being picked up by the state, the county, and the Federal Government. If the cities, and towns and villages were directly paying that share of that money, it would be much more interested in the counties in doing something about what has to be done. And I want to add that I look at this as the total failure of the new federalism that we all thought might work years ago when we first got started with the present administration. And I might add also this wasn't just a Republican or a Democratic failure. Unfortunately it is all of our failures in political office, Republicans and Democrats.

We have had a lot of initiatives in Westchester. Congressmen, we try and rebuild these apartments. We are out there with all kinds of programs, and we have to use all kinds of mechanisms to get around the fact that the County can't do them. We go out and find organizations who are willing to take the heat for us. As I once said, "Only Mother Theresa could put up a housing unit without being run out of town." I am not sure that she can do it, but she has the best chance of anybody I know. So, we go through this great rigamarole trying to find ways to get housing, new units, reconstruction. And we are proud of the few hundred units that we have been able to put together over the years.

We have a HELP Project going in Westchester County, and let me take a moment to say that it couldn't have been done without Andrew Cuomo, the son of some guy I once ran against. And indeed, it couldn't be done without Governor Cuomo. I couldn't do it by myself. It is a bipartisan effort in Westchester. We are trying to put up four of them, and so far the lions have outnumbered the Christians at the colosseum by great a number, but I think we are going to get there and we are going to be able to do it. We are trying to do it in Mount Vernon and in White Plains and in Greenbury. You know what we are trying to get, 258 units. That's all, and we are running into a big problem with it.

If I could stop here and tell you that we are on the road. We se some little light ahead of us in that tunnel, we hope it is not the engine coming towards us. This might have a happy ending, but it doesn't. Our friends down in Washington, I understand Wayne Stanton, who was watching TV one night, he should have been working on the problems of the country, I think, but he was watching TV one night and it came to him in a bolt of lightening and it came to him that maybe he could stop this problem if he cut off the funds. That is brilliant. That is really brilliant.

Of course, that means the Federal Government would be retreating from the temporary housing market, and they have already retreated, let me rephrase that, routed themselves out of the permanent housing market. In all candor, I must tell you that I wasn't surprised at Mr. Stanton's actions. He is part of the same group that thought catsup was a vegetable, and have innumerably failed local government. And I might tell you that——

Senator MOYNIHAN. Mr. O'Rourke, these blatant partisan accusations.

Mr. O'ROURKE. Well, let me tell you, I think, Senator, that President Bush is going to take care of that. I do believe he will be the next President, with all due respect to Senator Gore.

But what I am pointing out to you is that local officials, those of us that are on the front line in delivering these services, we look at the results of what is happening. We don't look at the political labels of the people that are telling us what is going to occur. And I just came back from Washington recently, and I see a bipartisan pullaway from any possible return to the housing market regardless of who takes over in 1989. And I am very distressed about that. You've got to get back in the housing market. You know what causes homelessness is no housing. We all know that. Building temporary housing is at best a temporary answer. It doesn't solve the problem. It doesn't solve it in Westchester or in New York.

Let me take the position finally on the questions that you are interested in today, the change in regulation as sought for on the part of this administration, must be defeated. You are going to plunge the counties. Pat Halpin talked about $1.4 million. Would you believe $12 million more in Westchester, we will put into this system for a bunch of rent receipts if that regulation change goes through. We cannot have that happen.

We oppose it, obviously. It is a perfect example of a regulator seeking to become a legislature. My belief is the Social Security Act, the intent of it is clear. You wanted to take those children that were downtrodden for the moment and hopefully put them back into the mainstream. I might add that I believe that I was one of the few people in this hall, one, that's ever been homeless, and, two, that's ever been on welfare. I grew up on the west side of New York, things were very tough. Only at that time I thought that Westchester was near Albany. I never really figured out where it was.

So, looking back at it in perspective, I was as a kid on welfare, I was a welfare worker, now I run a welfare system. The system hasn't changed at all, it's gotten worse over the years. So, one of the requirements is you have to do something about the welfare system. I have talked with the Senator about this. The system isn't working, it hasn't worked for a long time. It can work, I believe, but it has to start in Washington.

Second, you must keep the system in place presently for us to underpin the cost of housing the homeless. And lastly, as I said, regardless of who comes into office next year, you've got to do something more on the McKinney bill. The McKinney bill, $1 million, only a very small portion of it, two-thirds, was actually appropriated. It will never replace the $20 million that was taken out for housing over the last several years. So, you have my firm commitment, gentlemen, and to your colleagues in Washington, that I will work with you. I don't care whether you are Republicans or Democrats or whatever down there. I am very concerned about children in Westchester County, I am concerned about their future. I am concerned that they have a fighting chance that they are not going to get if these regulation changes go through. I also tell you that we are putting ourselves politically on the line in Westchester County to fill units like the HELP unit that exists here in Brooklyn. And with your help and with your money, we hope to be able to do that.

Let me just sum up this one last point. We certainly do not believe that the Federal Government can have it both ways. You

cannot ask us locally to do with less Federal assistance, and at the same time keep, or in some cases increase Federal mandates. If I could use the $54 million I have from this budget the way I want to, I could fairly well wipe out the homeless problem in Westchester County. So, I leave you with that, and I thank you for your attention.

[The prepared statement follows:]

Joint Field Hearing

Hon. Thomas J. Downey, Acting Chairman
Subcommittee on Public Assistance and Unemployment Compensation
Committee on Ways and Means
United States House of Representatives

Hon. Daniel Patrick Moynihan, Chairman
Subcommittee on Social Security and Family Policy
Committee on Finance
United States Senate

Monday, March 28, 1988

Prepared Remarks by the Honorable Andrew P. O'Rourke
County Executive of Westchester County, New York

Chairman Downey, Senator Moynihan, [Distinguished Senators and Members of the House of Representatives], Ladies and Gentlemen:

Thank you for inviting me to appear at this joint field hearing to present testimony on the use of the Aid to Families with Dependent Children program for homeless families.

I hope my appearance here with my colleague from Suffolk County will help belie the unfortunate misperception that the matter before your subcommittees is basically a New York City problem. It is not. The displacement of families from their homes is a national problem which ignores political boundaries. Neither affluence nor social stability will protect a community from its scourge.

Westchester County is blessed in many ways. We enjoy a rich diversity of urban centers, suburban developments and rural, open spaces. We're home to almost 900,000 people, 30,000 horses, an impressive array of Fortune 500 corporations and 17 symphonies. Our unemployment rate is one of the lowest in the nation -- just 2.9%.

Our County government enjoys the only government triple-A rating in the state [earned without the benefit of bond insurance], employs 8,500 people and expends $1 billion a year. It has a tradition of excellence which supports our nickname, "The Golden Apple."

With all these assets, I never imagined when I became County Executive in 1983, that I would one day preside over a social services district which provides emergency housing assistance to 4,000 of our residents, nearly half of whom -- 1,800 -- are children. As a Republican with conservative fiscal instincts, I never imagined that spending for emergency housing could or would grow from three-quarters of a million dollars to an anticipated $54 million this fiscal year. Yet this is the reality of homelessness in Westchester County today: it is both a human tragedy and a fiscal nightmare.

The high human cost of homelessness is being paid each and every day by very young children whom we are damaging, perhaps irreparably, by stays in hotel and motel rooms which average 16 months for a displaced family from Westchester. Welfare hotels are terrible places: the Martinique in New York City is a favorite media target which conjures up images of squalor and filth. Fortunately, Westchester has no such facilities. No, we must use hotels in Westchester with the name "Hilton" or "Marriott" or "Howard Johnson's" attached, and motels in places as far north as Poughkeepsie because we simply don't have any other choice. The Red Bull Inn in Poughkeepsie or even the Martinique in New York City is better than no roof over your head at all.

Westchester's homeless are the victims of a system which doesn't work because it can't work. Article XVII of New York State's constitution requires the State Legislature provide for the needs of the poor. Outside New York's "first class" cities -- of which there is only one, New York City -- county governments are responsible for administering public assistance programs and for raising the local share of these programs. Our state constitution also delegates the state's police powers over land use to cities, towns and villages, not counties, and goes further to exclude county governments from the list of municipal governments to which it grants public housing powers.

Our historical role as a welfare agency has been to provide cash assistance and arrange for needed services. We were never intended to be a direct provider of services. Our homeless crisis has rewritten the Department of Social Services' mission. We must now not only provide services directly, but we must now also develop resources, particularly emergency housing.

The division of authority among municipal governments in New York State clearly does not reflect the division of responsibility. Cities, towns and villages jealously guard their home-rule prerogative to control land use. There is no political incentive for these municipalities to build housing affordable to low-income families since the cost of providing emergency housing is borne by the federal, state and county governments. Moreover, the financial incentives which once spurred the development of affordable housing in the 1970s have become the first casualties of the "new" federalism's fiscal irresponsibility.

Despite an unfriendly climate and a perpetual crisis atmosphere, Westchester County has made innovative use of existing resources to help a small but growing number of our homeless families. For example, we've worked with private landlords and rehabilitated 164 marginal housing units. Today, 132 of these units remain under contract to our Department of Social Services for use as emergency apartments for homeless families. The balance have been returned to the county's permanent housing stock, but at rents affordable to public assistance recipients. Our emergency housing apartment program is a proven success.

Another program which we expect will be successful is Westchester HELP. We have already received pledges of support from three local governments -- the Cities of Mount Vernon and White Plains and the Town of Greenburgh -- for a total of 208 units of transitional housing. Using the HELP model first

developed here in Brooklyn, our Department of Social Services will enjoy the use of full-service transitional family shelters for 10 years, after which the host government will take title to the facility and convert it to permanent housing.

If I could stop here, this story would have the beginnings of a happy ending and I wouldn't have to be here telling you about it today. Unfortunately for us all, that is not the case. We're here, the story goes, because sometime last year the Administrator of the Family Support Administration in the Department of Health and Human Services was watching a "60 Minutes" story on New York City welfare hotels. Moved to action by what he saw, Mr. Stanton apparently decided the way to end this sordid practice was to take his A.F.D.C. marbles and go home and not play any more in the emergency housing game. Of course, the federal government isn't playing the permanent housing game any more either.

In all candor, I must tell you I was not surprised by Mr. Stanton's actions. After all, he is part of the same administration which tried to convince us that ketchup is a vegetable.

Things are bad when Republican local officials are counting down the days of a Republican federal administration. However, with all due deference to your earlier witness, Senator Gore, I believe the administration of President Bush will treat us more kindly. Unfortunately, we don't have the luxury of waiting until next January.

I've taken a few moments to share with you, I hope briefly, the background for my perspective on the use of Aid to Families with Dependent Children funds to assist homeless families. I'd like to just as briefly address directly the issues the subcommittees identified in your invitation to testify.

Your first three questions are the easiest. First, the appropriate role for the A.F.D.C. program in meeting the needs of homeless families ought to be the same as Congress intended -- to avoid the destitution of children and to provide living arrangements for them. The federal government has acknowledged its responsibility in this regard for over 50 years. Protecting children from the ravages of poverty is sound national policy. It ought to remain our national policy and it ought to be blind to whether a child is in emergency or permanent housing.

The needs of children of families displaced from their homes are admittedly greater than the needs of children of families still in their homes. However, up to now we have met those needs in New York State through the A.F.D.C. program. What a cynical message it would be to the growing number of homeless children if 1988 became the year we put a limit on more than half-a-century of caring.

By now it is no surprise to the subcommittees that I oppose the regulations proposed by the Secretary of Health and Human Services. We believe the proposed amendment to 45 C.F.R. 233.20 is a classic example of a regulator seeking to become a legislator. State governments have been granted broad discretion in allocating their A.F.D.C. resources. This view has been endorsed time and again by the United States Supreme Court on the basis of explicit statements in the legislative history of the Social Security Act of 1935. To prohibit a State from including in its standards of need an amount for shelter which varies according to the type of housing occupied is, we believe, a violation of the spirit of the Social Security Act, if not of the letter of the law. It is an unwelcome intrusion on a State's right to use the A.F.D.C. program to meet the unique, local needs of children threatened with destitution.

I have attached to the text of my prepared remarks a chart which details the effects of this proposed regulation on Westchester County. We estimate the County share of public assistance expenditures could rise by more than $11 million. Make no mistake about it -- if this change takes effect, it will directly impact the Westchester County property tax levy -- perhaps by as much as 4% -- and/or force a major cut in discretionary services such as cultural programs, parks and recreation. On the programmatic side, it will hinder the expansion of our emergency housing apartment program and could very well kill Westchester HEIP.

Absent a major federal recommitment to low-income housing -- which I do not expect will occur whoever becomes President next January -- and absent a specific federal program to meet the needs of homeless families, the regulations proposed by H.H.S. must not take effect.

Any long-term solution to homelessness must begin with the creation of permanent housing, affordable to low- and moderate-income households. Well-intentioned efforts like the McKinney Act are band-aids at best and they are simply too little too late. The $1 billion authorization for McKinney over two years, of which only about two-thirds has been appropriated, comes no where near to replacing the $20 billion or so lost each year in federal housing assistance since the beginning of this decade. Under the Act's emergency shelter grant program, Westchester County's government, which will spend $54 million this year on assistance to the homeless, received $81,000.

The changes needed in A.F.D.C. are not the ones proposed by the administration. I testified last year in front of Senator Moynihan's subcommittee on needed reforms in A.F.D.C. for day care and medical assistance to promote self-sufficiency. These are important services for moving homeless families back into mainstream society as well. What we on the front lines of combatting homelessness need the most, though,

is a loosening of regulations which inhibit creative local responses. One such rule which must go is the bar on using A.F.D.C. funds for capital costs -- Westchester County could encourage the development or rehabilitation of a great deal of housing for $54 million!

Simply put, we believe the federal government can't have it both ways. State and local governments should not be asked to make do with less federal assistance and more federal mandates. Let us do the job we can do best: solving local problems at the community level with existing resources. I pledge we won't turn our backs on 53 years of national policy of caring for children in poverty.

Thank you.

EFFECT OF PROPOSED LIMITS ON MOTEL/HOTEL REIMBURSEMENT-1980

Period	Cases	Cost/Case	Total Cost	Present: Reimbursement	Present: Cnty Cost	St/Cnty Split Lost Fed Aid (I): Reimbursement	St/Cnty Split Lost Fed Aid (I): Cnty Cost	Cnty Full Shr Lost Fed Aid (II): Reimbursement	Cnty Full Shr Lost Fed Aid (II): Cnty Cost
1st Mo.	817[A]	$2800[B]	$2,296,000	$1,722,000	$574,000	$1,722,000	$574,000	$1,722,000	$574,000
11 Mo.	817[A]	2800[B]	25,256,000	18,942,000	6,314,000	2,124,210[1]	708,070[1]	2,124,210[1]	708,070[1]
						11,211,860[2]	11,211,860[2]	5,605,930[2]	16,817,790[2]
12 Mo. Total	817[A]	2800[B]	27,552,000	20,664,000 (75%)	6,888,000 (25%)	15,058,070 (54.7%)	12,493,930 (45.3%)	9,452,140 (34.3%)	18,099,860 (65.7%)

$5,605,930 Add'l Cnty Cost under I

$11,211,860 Add'l Cnty Cost under II

[A]Avg. of Total Cases in Motels/Hotels (1075 x .76 = 817/820)

[B]Roomcost (motel/hotel) $2399
Restaurant 155
Transportation 203
total $2,757/2,800

Avg p.d.

[1]Regular monthly rental allowance - $314/month weighted avg 3 person household
820 cases x $314 x 11mo.= $2,832,280 Total Cost Subject to Normal Federal Aid

[2]Assuming Feds will not pay for monies in excess of regular monthly allowance
$25,256,000 - $2,832,280 = $22,423,720 Total Cost Subject to Lost Federal Aid

Revised 3/10/80

Senator MOYNIHAN. We thank you, sir, for your testimony. May I just make a quick observation.

First, Mr. Gerges, I think your plain indignation at the Brooklyn Arms does you great credit and does your constituents credit. That is about as hideous a thing as you could imagine happening to children. I mean, we put them in there to burn to death, and with great regularity, they do.

Mr. GERGES. Six-year-olds are couriers of drugs there right now as we are talking.

Senator MOYNIHAN. That is what we are going to be talking about with Mr. Cuomo.

I would like to say to my two friends, Mr. Halpin and Mr. O'Rourke, that we will try to get that regulation, the stay, extended. But I guess it is the fact, Charlie, that we got it extended toward this day. The close for this fiscal year ends September 30, and there is no guarantee. Mr. Stanton did exactly as you described, I mean it was just unreasonable. It didn't deal with your reality much less ours, but it is not a guarantee. We are going to have to find a measure to put this on that won't be vetoed. And that is the strangest continuity.

I would like to endorse Mr. O'Rourke's view that I think there is some change in the spirit in Washington, I think whatever our next administration is, we won't have this kind of attitude. Whether we will find the energy and resources, I don't know. Because it is beyond just moneys. You have to send people to Putnam and Dutchess Counties, isn't that right, sir?

Mr. O'ROURKE. That's correct.

Senator MOYNIHAN. And bus them back down to Yonkers?

Mr. O'ROURKE. Every morning we bring the school children back to their home school districts by taxi.

Senator MOYNIHAN. There is a whole cohort of children who are just stigmatized. They are just children, nobody wants to be around them. What's the matter with us? I couldn't be more grateful to you.

Mr. Chairman?

Acting Chairman DOWNEY. Thank you, Senator Moynihan.

Clearly there is absolutely no disagreement on the idea that flexibility is essential for the use of this money. As County Executive O'Rourke has pointed out, with the same amount of money, you wouldn't have a homeless problem.

Pat, just let me ask you one quick question. The dimension of Suffolk's problem is growing, as you suggested, by large percentage points. Are you satisfied that the construction of the ten additional shelters will in some way mitigate the problem?

Mr. HALPIN. Tom, actually no.

What we do is to place people who need emergency housing in welfare motels. And while New York City has the great high-rise hotels, Suffolk County, unfortunately, has welfare motels all over the county from the east end to the west end. The shelters are a positive step in providing the kind of complete care needed to assist a family during that temporary period of time, and it is a welcome development, but again, it is a stopgap measure that helps break that cycle to get people into more permanent housing.

Our problem is growing and severe and is just as costly as New York City's. To place a family in a welfare motel in Suffolk County costs between $2,000 and $3,000 a month, and we are paying it. And that is our money, local money, State money, Federal money. And I want in a way to just reinforce what Andy O'Rourke said, give us the flexibility and we will hopefully be able to construct a more permanent solution.

Acting Chairman DOWNEY. Andy, my only question to you is if you grew up spending some time on welfare, were a social worker, got your first job from a Democrat, why are you a Republican?

Mr. O'ROURKE. I saw the light.

Acting Chairman DOWNEY. I set myself up for that.

Senator MOYNIHAN. I think he saw Westchester.

Acting Chairman DOWNEY. Mr. Rangel.

Mr. RANGEL. This has been an outstanding panel. I have really learned a lot, and notwithstanding your political affiliation, your sensitivity has really come across. I don't know why professional politicians, such as you, cannot be more persuasive in persuading the Congress, at least those Members within your counties that for their votes on programs like this that they are going to have to be held accountable.

One of the major problems that we have is that this President has created an atmosphere that for paying for what you want as being a very negative thing. And as you know, it is a very expensive proposition to invest in people so that in the long run, it will balance out. So that budgets that deal with the problems of the poor are going to have to be paid for, and I hope that no matter who the President is, and maybe we can start dealing with the candidates now, that it is one thing to talk about the problem, it is another to say that you are going to give it a budgetary priority, so that you will be able on the front line to deal with it.

And Abe, I hope you sent summaries of the city council proposal that you mentioned to the entire New York City delegation, because this problem is just too big for the city council in our city alone. You have a lot of support for those people who like to come in and support these type of things. I don't understand with the type of money, which I have some problems as to whether it is legal, the Federal and State Governments are pouring into these welfare hotels, why we can't take that money and put it to a more productive use, as you pointed out.

Mr. GERGES. Congressman, there is one other point which I failed to make, one problem that you should be aware of. You also are endangering the terrific programs, like the program here, the nonprofits. The mayor didn't tell you, as I said earlier, there are 15 nonprofits this year, and I applaud the city. The city did a terrific job in getting 15 nonprofits to run different shelters like these. They get their money from the source.

So, obviously, what you are endangering are the good nonprofit groups from moving ahead, and obviously what will happen is the city will have to pick up that tab. We are going now from 169 million for families, to 186 million this year in families alone. And, of course, half of that is paid by the Federal Government. But we are endangering terrific programs like HELP-1, and like other programs that could be helpful, and you should at least be able to ex-

clude the nonprofits that are running the programs from any legislation if push to shove comes that you can't, of course, eliminate the whole thing and give us the latitude to be able to use those dollars in other ways.

Acting Chairman DOWNEY. Thank you. It was a great panel.

The subcommittee will next hear from Mr. Andrew Cuomo, who is president of H.E.L.P., Inc.

Mr. Cuomo, before you begin, I want you to know that one of the reasons we chose this site as opposed to the Martinique Hotel or the Holland Hotel, was that we wanted to make sure that people were aware that this is a problem that can be solved. And what we see here, during the hours that we have been here, is that there is a ray of hope that Mr. O'Rourke talked about when you see this facility. It is, I am sure, heaven for those who have spent their time in the inner circles of hell.

And we commend you for the work you have done, it is truly outstanding.

STATEMENT OF ANDREW M. CUOMO, PRESIDENT, H.E.L.P., INC., BROOKLYN, NY

Mr. CUOMO. Thank you very much, Mr. Chairman, I sincerely appreciate those words, especially coming from a U.S. Congressman and a man who has done as much work as you have in this area.

I too would like to submit a written statement, read a brief highlight of that statement.

Acting Chairman DOWNEY. Without objection, your statement will be included in its entirety.

Mr. CUOMO. Thank you for the privilege of appearing before you today. I applaud your committees for your diligent work on this complex and critical problem, and it is our honor to host today's hearings. As a point of departure, it appears to me that many applicable Federal laws and regulations are based upon fundamental misperceptions about this crisis. Misperceptions rooted in the view of the world that is at least 15 years out of date when a different population with different problems confronted a housing market that was decidedly more forgiving.

Even a cursory review of the AFDC and EAF statutes and regulations give evidence of a rule by anachronism. We read of a problem described in such terms as "30-days," "temporary" and "short-term." It may be questioned whether such terms even applied 15 years ago, but no one would argue for their accuracy today. As you have heard, many families remain in welfare hotels for literally years at a time. This present federally mandated system of care is, frankly, shameful; families warehoused by Government and the indignity of those great powers of despair known as welfare hotels. Thousands of homeless families living a hopeless existence in the worst environment imaginable. The most pathetic victims of this plight are the children; a generation condemned by the harshest realities of life at the most vulnerable of times. A generation facing all but insurmountable obstacles in their effort to lead fruitful lives. A generation almost certainly destined to become a ward of society for decades.

In these obviously deplorable conditions, what I consider this most staggering failure of Government exists not for want of resources; not because the taxpayers refused to pay, but because of the way Government spends those moneys. You don't have to be a Wall Street wizard to realize that $20,000 $25,000 or $35,000 per year per family could be much better spent; that the amount of money to keep a family in a welfare hotel is more than most middle class families spend on rent or on mortgage payments, and it is not as though we don't know of a better way. Many members of these committees have advocated redirection of the vast sums being spent under the AFDC program to provide both better services for the homeless and to make a lasting contribution to the permanent housing stock. I believe that HELP is the embodiment of that principle and should serve to exemplify the point that those proposals intended.

HELP-1, the facility you are in today, is the first complex of its kind in the Nation, I am proud to say. It is a construction financed and social service model designed as an alternative to welfare hotels in order to provide better services for the homeless at less cost to the taxpayer. HELP provides better housing for the homeless and the social service assistance they need to put their lives back together, and it does this at less cost than is currently spent at hotels. HELP represents an intelligent public-private sector partnership. Intelligent because it allows each sector to do what it does best. Expert private sector companies built and operate the facility while the public sector, New York City and New York State, provide the land, the financing and the neighboring regulatory framework to operate such a facility. HELP-1 represents the first application of that model and HELP is currently working in Westchester with County Executive Andrew O'Rourke, who you just heard from, and Albany County is to replicate the approach.

As opposed to welfare hotels or congregate care facilities, HELP provides a comprehensive package of onsite social services. We have clearly learned from years of failed experiences that you cannot take a family displaced and under great stress, put them in a welfare hotel often miles away from their original residence and hope that by some divine intervention they will find their way back into mainstream society. But we have also learned that providing the support services such as day care, health care, parenting skills, vocational assistance, and help in locating permanent housing, a family can be stabilized and helped on its way in about one-half the time a family stays in a welfare hotel.

At HELP-1, the Red Cross with a long and proven track record in this area, provides these social services and facility management. The financing for the project was obtained through the sale of $14 million of tax-exempt bonds issued by the New York State Housing Finance Agency. The bonds are backed by a 10-year contract by the city of HELP and the entire transaction is secured by a wraparound letter of credit. This financing mechanism obtained the highest bond rating possible, a triple-A.

Pursuant to the contract with the city, HELP charges government a daily rate for each homeless family. In addition, the facility is designed with the understanding that permanent and transitional housing are not necessarily mutually exclusive. And built with

the expectation that when it is no longer needed for transitional housing, it can be easily converted to permanent housing. From our experiences at HELP, we propose today an amendment to the Social Security Act, which is basically along the lines of what we have been discussing before which would allow a bona fide and not-for-profit operator to qualify for AFDC reimbursement to build transitional shelters such as the one you are in today with two caveats.

If the cost for reimbursement to the not-for-profit operator was less than or equal to the amount you are currently spending at a welfare hotel at an emergency shelter, and if you could demonstrate a linkage between the new unit to the elimination of the use of the welfare hotel unit. And we have specific legislation to that effect that we would submit today.

Mr. DOWNEY. Mr. Cuomo, let me ask you, one of the concerns that all of us have is the obvious human dimension to this problem. But could you go into a little detail of exactly what social services are available on site here. You have already indicated that the cost is roughly two-thirds for this facility what the city of New York is currently paying for a welfare hotel. As Mr. Rangel has pointed out, when we have rid our nation of the plight of homelessness, this facility is then available not to some landlord to sell, but available for some permanent housing.

What is it that is provided here for a family that is devastated by homelessness?

Mr. CUOMO. Mr. Chairman, first of all on the cost of the program, it is less expensive to keep a family here than it is to keep a family in a welfare hotel on a number of levels. No. 1, the per diem rate itself on its face is less. No. 2, this facility provides far more services than provided at a welfare hotel. A welfare hotel, obviously only provides housing. At this facility, we provide housing plus a full complement of social services. No 3, as Congressman Rangel referred to before, part of that per diem rate that government is paying is the debt service on the financing. What we have said at HELP is once the financifg is retired, once the financing is paid, the ownership of the facility will revert back to the city of New York.

So, part of that per diem rate, number one, the daily rate itself is less than that being spent by the city. No. 2, you are getting more for it. And No. 3, part of that rate is paying off essentially the mortgage on the facility, which inures to your benefit anyway since you are getting it back at the end of 10 years, and that is why you're paying off the equity precisely. And that is why we designed it as transitional housing initially, easily adapted to permanent housing.

[The prepared statement follows:]

REMARKS BY

ANDREW M. CUOMO, ESQ.

PRESIDENT, H.E.L.P., INC.

Thank you for the privilege of appearing before you today. I applaud your Committees for your diligent work on this complex and critical problem. It is our honor to host today's hearings. As a point of departure, it appears to me that many applicable Federal laws and regulations are based upon fundamental misperceptions about this crisis -- misperceptions rooted in a view of the world that is at least fifteen years out of date, when a different population, with different problems, confronted a housing market that was decidedly more forgiving.

Even a cursory review of the A.F.D.C. and E.A.F. statutes and regulations, gives evidence of rule by anachronism. We read of a problem described in such terms as "temporary", "thirty days", and "short term". It may be questioned whether such terms even applied fifteen years ago, but no one would argue for their accuracy today. As you have heard, many families currently remain in hotels for literally years at a time.

Let the historians debate whether, fifteen years ago, a displaced family's needs could be satisfied on an "emergency" basis. That is not our concern, because today we are caring for a second generation of homeless families, facing a future that is far bleaker than that of their parents. No matter how much we hope, no matter how many regulations we promulgate, the blunt truth is that we are not dealing with people whose problems are going to be solved in thirty days.

A second fundamental misperception concerns the population and problems we are discussing when we use the word "homeless". A term which has become a catch-all; a term of convenience not analysis. In reality it denotes a class of hundreds of thousands of individuals with diverse problems and needs. We must recognize that there are families who only need an affordable permanent housing unit, while there are others who, even if there were a permanent housing unit available, need social service assistance before they can make it on their own. Unless we separate these subgroups, and distinguish their specific needs, we can not even begin to address their problems.

Our present Federally mandated system of care is frankly, shameful. Families warehoused by government in the indignity of those great towers of despair known as "welfare" hotels. Thousands of homeless families living a hopeless existence in the worst environment imaginable. And the most pathetic victims of this plight are the children: a generation condemned by the harshest realities of life at the most vulnerable of times. A generation facing all but insurmountable obstacles in their effort to lead fruitful lives; a generation almost certainly destined to become a ward of society for decades to come.

And these obviously deplorable conditions, this most staggering failure of government, exists not for want of resources. Not because the taxpayers refuse to pay, but because of the way government spends those monies. You don't have to be a Wall Street wizard to realize that twenty, twenty-five, or thirty thousand dollars per year per family could be much better spent. That the amount to keep a family in the misery of a welfare hotel is more than most middle class families spend on rent or on mortgage payments.

It's not as though we don't know of a better way. Many members of these committees have advocated the redirection of the vast sums being spent under the A.F.D.C. program to provide better services for the homeless and to making a more lasting contribution to the permanent housing stock. I believe that H.E.L.P. is the embodiment of that principle and should serve to exemplify the point those proposals intended.

H.E.L.P. I, the facility you are in today, is the first complex of its kind in the nation. It is a construction, finance and social service model designed as an alternative to welfare hotels, to provide better services for the homeless at less cost to the taxpayer. H.E.L.P. provides better housing for the homeless and the social service assistance they need to put their lives back together. And it does this at less cost than that currently spent at welfare hotels.

H.E.L.P. represents an intelligent public-private sector partnership -- "intelligent" because it allows each sector to do what it does best. Expert private sector companies built and operate the facility while the public sector -- New York City and New York State -- provided the land, the financing, and the enabling regulatory framework to operate such a facility. H.E.L.P. I represents the first application of that model and H.E.L.P. is currently working in Westchester and Albany counties to replicate the approach.

As opposed to welfare hotels or congregate care facilities, H.E.L.P. provides a comprehensive package of on-site social services. We have clearly learned from years of failed experiences that you cannot take a family displaced and under great stress, put them in a welfare hotel often miles away from their original residence, and hope that by some divine intervention they will find their way back into mainstream society.

But we have also learned that provided with support services such as health care, day care, parenting skills, vocational assistance, and help in locating permanent housing, a family can be stabilized and helped on its way -- in about one-half the time a family stays in a welfare hotel. At H.E.L.P. I, the Red Cross, with a long and proven track record in this area, provides those social services and facility management.

The financing for the project was obtained through the sale of fourteen million dollars of tax exempt bonds issued by the New York State Housing Finance Agency. These bonds are backed by a ten year contract with the City of New York and the entire transaction is secured by a wraparound letter of credit. This financing mechanism obtained the highest bond rating possible - a AAA. Pursuant to the contract with the City, H.E.L.P. charges government a daily rate for each homeless family. That rate is used by H.E.L.P. to pay the debt service on the facility's financing, the maintenance and operation of the facility, and the provision of social services. However, even with all these benefits, H.E.L.P. costs government significantly less than is currently spent on welfare hotels.

In addition, the facility is designed with the understanding that "permanent" and "transitional" housing are not necessarily mutually exclusive, and built with the expectation that when it is no longer needed for transitional housing, it can be easily converted to permanent housing.

From our experience at H.E.L.P., we propose today an amendment to the Social Security Act, which could be implemented on an expedited basis, that would both help homeless families and save tax dollars. Currently, as you well know, the A.F.D.C. statute does not provide for the use of those monies for capital construction. Hence, the necessity for state and local governments to utilize hotels and motels. The un-

reasonable disparity of this system is obvious. Doesn't the welfare hotel operator have a mortgage to pay and construction costs to satisfy?

To rectify this gross incongruity we propose a plan that:

- would allow bona fide not for profit operators to qualify for A.F.D.C. reimbursement;
- to build and operate transitional housing facilities designed to be easily converted to permanent housing, if,
- the total cost for operation of the facility, including debt service and maintenance and operations, were less than or equal to the amount currently spent on emergency shelters, and if,
- the new units were directly linked to the elimination of the use of welfare hotels.

We submit draft legislation to that effect today.In closing, gentlemen, we are talking about a problem which we have thus far refused to recognize, which is not going to go away and which by our current treatment, is only breeding and compounding the crisis and cruelty for generations to come. I trust and hope that with your guidance and leadership, October 1, 1988 will be the beginning of the end for this human tragedy.

Thank you.

SEC. 806. GRANTS FOR CONSTRUCTION OF HOUSING FOR HOMELESS PERSONS BY NON-PROFIT AGENCIES

Section 402(a) of the Social Security Act is amended to add a new paragraph (40), to read as follows:

at the option of the State, provide -- that payments may be made with respect to capital expenditures incurred by organizations described in section 501(c)(3) of the Internal Revenue Code of 1954 for temporary and permanent housing for persons who are homeless or at risk of becoming homeless --

(A) without regard to any limitations in section 1119;

(B) subject to such limitations as the State may determine;

(C) with respect only to expenditures which, under generally accepted accounting principles, are not properly chargeable as an expense of operation and maintenance, including the cost of any studies, surveys, designs, plans, working drawings, specifications and other activities essential to the acquisition, improvement, expansion or replacement of any plant or equipment subject to this paragraph; and

(D) subject to such requirements as the Secretary may prescribe which will ensure that any capital improvements subject to this paragraph are utilized substantially for the benefit of needy families with dependent children;

Introduction

The long term solution to homelessness can only be found in a comprehensive federal low income housing program. As an interim measure, however, existing revenue streams for housing for the homeless must be used more efficiently to create a cost-effective and humane alternative to the current costly and sub-standard shelter options.

It is unthinkable that the federal government would willingly prohibit construction and renovation of safe and decent homeless housing and instead permit, and indeed promote, welfare hotels to collect unconscionable sums for providing deplorable conditions to the homeless poor, but this seems to be the position of the current Administration.

Congress must act swiftly and amend Title IV of the Social Security Act and allow states and communities to humanely and cost effectively house their homeless. The inititative outlined below is an important step the Congress can take toward meeting the challenge of providing better services for the homeless at less cost to the taxpayer.

Proposed Changes in Federal Legislation

A. Purpose: To provide federal statutory support for payment of capital costs under the aid to Families with Dependent Children (AFDC) program for

the development of temporary housing which could later be used as a permanent housing stock. The intent of this initiative is to alleviate the current failure of the AFDC program, which provides shelter largely through rentals, to secure decent and cost effective housing units for the public assistance caseload. It is also intended to reduce the reliance by local social services districts, particularly New York City, upon "welfare hotels" as a means of sheltering homeless families by allowing qualified organizations to construct or rehabilitate permanent housing facilities.

B. Summary of Provisions: The proposal adds a new paragraph (40) to Section 402(a) of the Social Security Act (42 USC 602[a]). Section 402(a) sets forth a list of mandatory and optional provisions for state AFDC plans. The new paragraph would give states optional authority to make AFDC payments for capital expenditures for temporary and permanent housing for homeless persons and persons at risk of becoming homeless.

Such payments would be limited however by two important restrictions. First, program applicants must be tax exempt charitable organizations as defined in Section 501(c) of the Internal Revenue Code and secondly the payments would be limited by regulation to an amount comparable to that expended on similar available rental units. Regulations would also provide that the applicant would have to demonstrate the cost savings of the capital expenditures over a ten year period compared to similar available housing (such as hotel/motel) over that same period.

C. Existing Law: Section 403 of the Social Security Action (42 USC 603) provides for federal reimbursement for costs incurred by states in

accordance with their state AFDC plans, approved under Section 402 of the Act. The rate of federal financial participation for approved expenditures varies by state from fifty percent to seventy-five percent. State participation makes up the balance.

Section 1119 of the Social Security Act (42 US 1319) limits federal participation in state payments for repairs to a home owned by an AFDC recipient to one half of a one-time payment of up to $500 (and only if the home is so defective that it is uninhabitable and the cost of rent as an alternative would be greater). Because Congress made specific and limited provision for capital expenditures in Section 1119, the Department of Health and Human Services (DHHS) has asserted informally that all other capital expenditures are prohibited under the AFDC program.

D. Statement in Support: From both a financial and humanitarian perspective, it is senseless to maintain homeless welfare families in welfare hotels for extended periods of time, when the costs incurred could be applied at a comparable level to new units of housing. The average cost of maintenance of a homeless family of four in a welfare hotel over a period of 13 months (the average stay) is $25,000. The conditions in many of these hotels are abominable, and the long-term injury to children raised in these conditions is incalculable. If AFDC funds could be granted to non-profit organizations to construct or rehabilitate both temporary and permanent housing to be used for homeless families, there would be an immediate and direct savings, both in money and human suffering.

Other positive aspects of this proposal include the express granting of broad discretion to both the federal regulatory authority (DHHS) as well as to the states in determining the operational aspects of this program. Such discretion, coupled with open ended funding, will ensure that states may utilize this provision in a manner that best fits their particular need.

In addition, by limiting applicants to this program to not-for-profit corporations (I.R.C. 501(c)(3));

a) governmental entities would not be utilizing the funding stream to construct or rehabilitate housing units, and

b) profit-motivated corporations (i.e., welfare hotel owners) would be similarly excluded, thus eliminating the profit margin paid under AFDC.

Another major benefit of this proposal concerns the creation of a state option to participate. This option may attract support from states who although not faced with a major homeless problem, are either sympathetic to those with such problem, or anticipate the possibility of having to deal with homelessness in the future.

E. Proposed Language: Section 402(a) of the Social Security Act is amended to add a new paragraph (40), to read as follows:

> at the option of the State, provide — that payments may be made with respect to capital expenditures incurred by organizations described in section 501(c)(3) of the Internal Revenue Code of 1954 for temporary and permanent housing for persons who are homeless or at risk of becoming homeless —

(A) without regard to any limitations in section 1119;

(B) subject to such limitations as the State may determine;

(C) with respect only to expenditures which, under generally accepted accounting principles, are not properly chargeable as an expense of operation and maintenance, including the cost of any studies, surveys, designs, plans, working drawings, specifications and other activities essential to the acquisition, improvement, expansion or replacement of any plant or equipment subject to this paragraph; and

(D) subject to such requirements as the Secretary may prescribe which will ensure that any capital improvements subject to this paragraph are utilized substantially for the benefit of needy families with dependant children;

(E) subject to a determination by the State that the specific facility is needed to meet present or projected housing needs.

Acting Chairman DOWNEY. Very, very impressive venture.

Senator Moynihan.

Senator MOYNIHAN. Impressive indeed.

I would like to welcome the Red Cross. In all of our Government's efforts in communities in this city and others in the last 30 years, we has been involved in creating new institutions when perfectly good ones were there all along. It took us 20 years to realize that there are churches in Brooklyn. And the Henry Street Settlement goes back to 1893 or something like that. And the Red Cross clearly has an institutional history and a capacity. We would like to have a copy of your legislation, and we would like to make it part of the record if we can, Mr. Chairman.

But a query to you in the spirit that Representative Owens said, is it going to work? How are you going to keep the kind of pathology out of HELP-1 that characterizes the Brooklyn Arms, where 6-year-old children are involved in drugs? You are obviously thinking about that, and I know you are, and I just want to get it on the record. How?

Mr. CUOMO. Senator, it is a good question, and I know that Mayor Koch has raised it before in the past more from a philosophical level. The program that is run at HELP-1 is called a tier-2 program, it is in accordance with the laws of the State of New York, the Department of Social Services, part 900. It is a program that has been in effect before the building of HELP-1.

We say that the average length of stay at a HELP-1 facility is about 6 months. We don't pull that number out of the sky, Senator, that is a number that is the average of thousands of families who have been placed in similar tier-2 programs, and the premise is a simple one. We currently keep families who are down on their luck to begin with, a homeless family, a family that becomes displaced, and we put them in a welfare hotel, often miles away from their original residence which are the only roots that they have remaining. And we leave the family there on their own, and then we wonder why they are there 13, 14, 15 months. Obviously, they couldn't make it on their own before, that is why they became homeless. So, now we place them in a hotel, and expect that something else is going to occur. It doesn't.

The simple effort here at a tier-2 is you just can't provide them with housing. Some families you can. There was a lot of discussion today about permanent housing as the ultimate solution. Sure it is, but there will always be families who you can't just put in a permanent housing unit, even if you had it available, and say, "Sign the lease, here is the key, you can make it on your own." What HELP does is provide housing plus the social services, as you saw on the tour this morning, which help reorient the family, especially after a welfare hotel experience.

Senator MOYNIHAN. You couldn't be more clear in your own minds about what a job you have taken on, and we certainly wish you every success, and I think, Mr. Chairman, we ought to revisit this enterprise from time to time just to see how it goes. You've got kind of a social invention here, and if it works, the world is going to be very much in your debt, sir, and all your colleagues. Thank you.

Acting Chairman DOWNEY. Mr. Rangel.

Mr. RANGEL. Your only problem, Mr. Cuomo, is you haven't been involved in Government long enough, because if you were, this thing wouldn't work. You would know it couldn't be built.

Suppose the mayor of the city of New York gave you one square block of relatively sound housing, and told you that he would want this converted to transitional housing and could assure you over a 10-year period you would be able to receive the comparable rents that are currently being paid if the welfare hotel. Would you listen to him at all? Would it make any sense at all?

Mr. CUOMO. Congressman, he is my mayor, I respect him. I would adways listen to him obviously. Is the question would we take the housing?

Mr. RANGEL. My question would be, does that proposition, assuming it is mine, make any sense at all for someone like you to see whether or not with the moneys you can float the bonds. With the contract convert the housing into transitory housing. At the same time pay off the equity and it could eventually be permanent housing. Much like you have done here, except instead of just barren city property, you are given these buildings as well as the property to do it with?

Mr. CUOMO. Congressman, it would make eminent sense. I must say, and I know your position on the issue, I prefer new construction than gut rehab. I believe it is cheaper in the long run. It also gives one the flexibility to design the facility, the complex, the way one chooses. But there is no doubt that you could take the existing in-rem housing stock, rehab that housing stock as a not-for-profit, and run it qualifying for the AFDC reimbursement. If we get the legislation we talk about today, at the end of 10 years have fully paid off housing stock.

And the 10 years is not a magic number either, Congressman. You can run the bonds out 20 years, and get a lower rate. The 10-year rate allows us to operate on a lower per diem and still get a permanent housing stock at the end of 10 years, but there is no magic to that term.

Mr. RANGEL. Well, we hope your creativity can become contagious, because you are to be congratulated for not accepting the status quo and going out and proving that the job can be done better.

Mr. CUOMO. Congressman, thank you very much again. I would just like to point out what Mayor Koch said about UDC, there is no doubt that in the city of New York, as well as in Westchester County as County Executive O'Rourke spoke to and which I have experienced, the community opposition is frightening when it comes to building a homeless facility. If you think it was bad when we used to speak about low-income housing, try locating a no-income housing project. So, the community opposition is very, very tough.

Using UDC from the State to bypass the board of estimate, which is the local governing body, I don't think its right, I don't think its fair. There are citywide elected officials, there are borough presidents who sit on that board, so I don't think you can just run roughshod over the board of estimate in locating these facilities. But I thank you very much for your kind words and for your time.

Senator MOYNIHAN. Thank you.

Now, we have a panel of some good friends and some new friends. These are the professional administrators of our Social Security and social welfare programs. First of all, Cesar Perales, our distinguished commissioner of New York State Department of Social Services; Commissioner Drew Altman of New Jersey; and Mr. Carl B. Williams, the deputy director of the California Department of Social Services. It is a very pleasant thing that Mr. Williams is able to be with us today.

We will follow our practice and hear first from the first person listed in the order listed. Mr. Perales, good afternoon, sir, we welcome you.

STATEMENT OF CESAR A. PERALES, COMMISSIONER, NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES

Mr. PERALES. Thank you very much.

Senator Moynihan, Congressman Rangel, and Congressman Downey, I want to thank you for giving me this opportunity to testify today. On October 1, the date on which the moratorium on the Stanton regulations Congress imposed last year runs out, Federal dollars used to support this facility, HELP-1, and others like it, will cease. I am here to ask ygu to continue your efforts to prevent the effect these regulations would have on New York and other States' ability to shelter the homeless, and to prevent the increased numbers of families of children who will be put at risk each night.

During the debate that has ensued on this issue over the last few months, I am afraid that the real issue has been obscured. The issue is not New York City and welfare hotels; instead it is about whether States should continue to have the ability to legitimately use AFDC dollars to meet emergency shelter needs of a very large and growing homeless population.

These regulations would administratively impose unprecedented restrictions on the congressionally established right of States to use AFDC dollars to meet these emergency needs. The impact of this proposal is nationwide, as evidenced by the presence of my fellow State administrators here today, the unanimous resolution opposing these regulations as adopted by the American Public Welfare Association.

Senator MOYNIHAN. Do you have a copy of that, or will you provide it for the record? I think we would like to have that.

Mr. PERALES. Yes, I have just underlined a couple of lines and that is what I am reading, Senator.

Senator MOYNIHAN. No, I mean the resolution.

Mr. PERALES. Oh, yes.

Senator MOYNIHAN. We'd like to have that in our record.

Mr. PERALES. And there are also 30 States which have specifically written to the administration, all recommending that the regulations be either significantly altered or withdrawn.

Here in New York, using State dollars, local dollars, and the Federal AFDC funds, the State department of social services has laid the groundwork for a shelter system which can provide safe, sanitary living conditions with the many supportive services necessary to enable homeless families to become self-sufficient, secure

permanent housing, and to retain it once it has been secured are provided. We work with nonprofit providers, not just the American Red Cross, but we work with Catholic Charities, the Children's Aid Society. Congressman Weiss spoke of another group called, Women in Need, so that there are many nonprofit organizations, local county governments, as well as the city of New York.

We have made an extensive commitment to the shelter system, both in terms of development and ongoing services. Our ability, though, to maintain this transitional housing arrangement is in large part contingent upon Federal support through AFDC for emergency housing. This support enables these organizations to cover their operational costs. In doing this, we have legitimately used the discretion granted to the States by Congress in administering the AFDC program. There has never in the 50-year history of the Social Security Act been any successful administrative attempt to impose restrictions on congressionally recognized discretion in this area.

I respectfully request that the letter I wrote to the administration in response to these regulations, which goes into this argument in more detail, be placed into the record.

Senator MOYNIHAN. So ordered.

[The prepared statement follows:]

STATEMENT OF CESAR A. PERALES, COMMISSIONER, NEW YORK STATE DEPARTMENT OF SOCIAL SERVICES

Congressman Downey, Senator Moynihan and other members -

Thank you for giving me the opportunity to testify here today, and on behalf of New York State, I'd like to welcome you here to HELP I, one of the most innovative emergency housing facilities funded here in the State using public assistance dollars. This facility, which provides intensive direct and indirect services to stabilize a family and assist them in finding and securing permanent housing, is a model for the types of emergency and transitional housing we in government should be funding.

I am here before you today, however, to tell you that the federal support for HELP I is in danger of being withdrawn. On October 1, the date which the moratorium on the Stanton regulations Congress imposed last year runs out, federal AFDC dollars used to support this facility and others like it will cease. The bottom line is that federal support for the growing number of homeless that are sheltered each night would be significantly reduced in the face of tremendous need. Today, conservative estimates indicate that there are 5,200 homeless families - including 10,700 children - and 10,000 single adults who are sheltered in the City of New York each night. Outside the City we again conservatively estimate that 1,500 families - including 3,200 children - and 2,000 single adults are sheltered each night. And these number are growing. I am here to ask you to prevent the effect these regulations would have on New York's and other states' ability to shelter the homeless and to prevent the increased number of families with children who would be exposed to the elements each night if we do not act against the Administration.

During the debate that has ensued on this issue over the last few months, I am afraid that the real issue has become obscured. The issue is not New York City and welfare hotels; instead, it is about whether states should continue to have the ability to legitimately use AFDC dollars to meet the emergency shelter needs of a large and growing homeless population. These regulations would administratively impose unprecedented restrictions on the Congressionally established right of states to use AFDC dollars to meet these emergency needs. The impact of this proposal is nationwide, as evidenced by the presence of my fellow state administrators here today, the unanimous resolution opposing the regulations adopted by the American Public Welfare Association and the thirty states which specifically wrote to the Administration, all recommending that the regulations be either significantly altered or withdrawn. The ability of all states to shelter the homeless would be greatly impaired. Homeless adults and children would find it even more difficult to find a place to sleep for the night. Every state, county and city in this nation which rightfully uses its discretion under the AFDC funding stream to meet these emergency needs would feel the impact. Let me explain why.

Here in New York, using State dollars, local dollars and federal AFDC funds, the State and City supports a shelter system which provides safe, sanitary living conditions where the many supportive services necessary to enable homeless families to become self-sufficient, to secure permanent housing and to retain it once it has been secured are provided. We work with non-profit providers like the American Red Cross, Catholic Charities, the Children's Aid Society, as well as local county governments, including the City of New York. We have made an extensive commitment to these alternatives, both in terms of development, ongoing supportive services and the regulatory oversight needed to ensure that the standards dictated by my agency are met.

Our ability, though, to operate these transitional housing and shelter sites is in large part contingent upon federal support through AFDC for emergency housing enabling those organizations to cover their operational costs. In doing this, we have legitimately used the discretion granted to states by Congress in administering the AFDC program. Under the Social Security Act, states have the flexibility in administering AFDC so that the needs of their public assistance populations can best be met. In fact, a primary feature of the AFDC program is that it permits states to tailor payments to need - varying their payments to reflect the many different circumstances faced in states. Here in New York State, for example, the part of our public assistance grant targeted toward housing - the shelter allowance - varies by county to reflect the differing cost of local housing and by whether or not an apartment has heat included in the rent. By varying shelter standards in this way, our State can help pay more for expensive housing when it is necessary and can limit the shelter standard when housing costs are not as high. In addition, when a family loses its

housing due to particular circumstances and must be placed in emergency housing at a cost which is higher than can be met through the regular shelter allowance, states have discretion under AFDC to pay more than the shelter allowance the family would otherwise receive if they were in an apartment.

These provisions are consonant with the purpose of AFDC and have always met with the approval of HHS. There has never, in the 50 year history of the Social Security Act, been any successful administrative attempt to impose restrictions on Congressionally recognized discretion in this area. We object to this intrusion by this Administration on the discretion we need to provide emergency housing - based on law and reason - and I trust that you are as offended. I respectfully request that the letter I wrote to the Administration in response to the proposed regulations, which goes into this argument in more detail, be placed into the record.

While I understand that you are rightfully concerned about this funding stream also being used to finance hotels in New York City, let me make myself clear: the use of hotels was never envisioned as a long-term solution to the homeless problem. The City has committed itself to stopping the use of hotels and has developed a five year plan to accomplish this goal. I support this goal and will be working closely with the Mayor and HRA on its components before I approve it. But what we must remember is that for any phase-out plan to work, there must be alternatives to the hotels. The Stanton regulations, however, would not permit federal funding for these very alternatives. With these regulations in place, any plan will be doomed to failure.

If these regulations are permitted to go into effect, we will have allowed the Reagan Administration to withdraw vital support for the emergency shelter needs of families and individuals. This would be unconscionable, as we have already witnessed the virtual elimination of federal housing programs. Between 1981 and 1987, federal funding for subsidized housing programs has been decreased by approximately 70% - from more than 30 billion in 1981 to 8 billion during the last fiscal year.

In the absence of federal housing support, states are using AFDC legitimately to deal with the homeless/housing crisis. In fact, what we do now with these funds - providing temporary shelter - is consistent with the very purpose of AFDC, that of helping persons and families who have temporarily fallen on hard times, to regain their self-sufficiency. If the Administration succeeds with this punitive and dangerous proposal, we will have allowed them to not only totally withdraw from housing policy - which we all realize is the basic problem - but to also make our difficult jobs of sheltering the homeless even harder. What we need is more flexibility, not less. Under your leadership, as evidenced by this hearing today, I hope we can avert an even graver homeless crisis.

NEW YORK STATE
DEPARTMENT OF SOCIAL SERVICES
40 NORTH PEARL STREET, ALBANY, NEW YORK 12243

January 27, 1988

Dear Ms. Dawson:

These comments are being submitted with respect to the proposed regulations relating to variances in the Aid to Families with Dependent Children (AFDC) standard of need and scope of assistance under the Emergency Assistance to Families with Dependent Children (EAF) program, published December 14, 1987 (FR Doc 87-28343).

We find no basis in law or reason to support these regulations. We urge that they be withdrawn immediately.

45 CFR 233.20 - Standard of Need

Section 401 of the Social Security Act provides that AFDC payments are to be made to enable states to furnish financial assistance as far as practicable under the conditions in each state. Under Section 406 of the Social Security Act, payments with respect to needy dependent children and certain individuals living with them constitute aid subject to federal reimbursement. The Social Security Act does not give federal administrative officials the authority to limit or define the amount a state determines is necessary to meet the need of such persons.

Currently New York State's standard of need includes a fixed amount for basic needs and a shelter grant which varies according to family size, region and type of housing.

We believe that the proposed regulation is invalid because (1) it is not a permissible interpretation of Section 402(a) of the Social Security Act, as limited by Section 402(b); (2) it exceeds the regulatory authority granted to the Department of Health and Human Services (HHS); and (3) it lacks a rational basis.

The proposed regulation would amend 45 CFR 233.20 to prohibit states from varying their standards of need or payment for shelter due to the type of housing occupied by recipients of AFDC and prohibit states from providing special needs allowances based upon the type of housing occupied.

In enacting the Social Security Act, Congress was very clear that states were to possess the sole power to set benefit levels and the standard of need (see King v. Smith, 392 US 309, 334; Dandridge v. Williams, 397 US 471, 478; Rosado v. Wyman, 397 US 397; Jefferson v. Hackney, 406 US 596). There is nothing whatsoever in Section 402(a) of the Social Security Act - the section of law which specifies the contents of state plans - that suggests that HHS

has any authority to determine what types and amounts of need a state might choose to meet. Far from being a valid interpretation or clarification of any provision of Section 402(a), the proposal has no basis in statute.

Section 402(b) of the Social Security Act requires that the Secretary approve any plan meeting the conditions found in 402(a). Accordingly, HHS may not establish new and additional criteria beyond those specified by Congress in Section 402(a). It is clear that a state plan which varies shelter standards by type of housing would meet all the conditions in Section 402(a) and must, therefore, be approved.

The supplementary information published with the proposal suggests that it is somehow inequitable to provide families living in private housing with a lower shelter allowance because they live in a type of housing other than a hotel or motel (Fed. Reg., vol. 42, p. 47420). However, a primary feature of the AFDC program is that it permits states to tailor payments to need. In New York State recipients do not reside in hotels or motels by choice or by "arbitrary assignment". Rather, they are placed there because no alternatives are available and an emergency need for housing must be met. If persons were simply to choose to live in hotels/motels, they would be provided with the same shelter allowances as persons living in their own apartments. Families are placed in hotels/motels because they have been unable to retain housing. Therefore, New York State's special housing allowances are not based upon type of housing but rather are designed to meet special housing needs of individual cases (e.g., homeless families). Since the needs of these families are greater, the standard of need must be greater, and there is no inequity.

New York State varies its shelter standard in several ways based upon type of housing, and none of these variations have ever been subject to criticism. For example, we provide a greater allowance for heated apartments than for unheated ones. Room-and-board facilities are subject to a different standard than ordinary apartments. By varying the shelter standards in this way, New York State can pay for more expensive housing when this is necessary and also reduce the shelter standard to reflect housing needs that cost less. The proposed regulation would prohibit any such distinctions designed to measure need and cost precisely. Under the proposed regulation, the State's alternatives would be to allow need to go unmet in some circumstances or to raise its standards across the board to encompass such needs, thereby overpaying a great many recipients in order to meet the particular needs of a few. Neither choice is rational.

The summary to the proposal dwells on the rise in costs produced by differential shelter grants. Yet it is clear from the legislative history accompanying the enactment of the Social Security Act that the amount a state chooses to spend is left entirely to the state (1935 H. Rep. No. 615; 1935 S. Rept. No. 628; Cong. Rec. April 5, 1935, pp 5471-5482). Congress has limited federal participation only by a percentage, not an absolute amount. Although Congress has imposed several cost reducing requirements in recent years, it has not done so in the area of the standard of need. Cost savings, in the absence of statutory requirement, are not a legitimate basis for administrative action.

The supplementary information submitted with the proposal is disingenuous in suggesting that Section 8 housing certificates, housing vouchers and public housing are available to meet the needs of the homeless. There is a waiting list of 200,000 families in New York City alone for these types of housing. Only 6,500 units of public housing become available each year, and the

eligibility criteria include an evaluation of family stability and timely rent payments, conditions ill-suited to the circumstances of the homeless. Only 3,000 Section 8 and voucher certificate housing become available each year in New York City, and most units are studios and one-bedroom apartments inadequate to meet the housing needs of most homeless families.

The supplementary information also states that the foregoing federal housing programs and the Community Development Block Grant program are designed to meet the housing shortage and that some states are providing housing assistance funds. It is implied that states are not using existing resources in an effective way. In New York State, all major cities with a homeless problem are participating in the Community Development Block Grant (CDBG) Program, either as entitlement cities, urban counties or under the Small Cities Program. Section 8, public housing and the housing voucher program are used to the maximum extent possible. However, since 1981 the federal rules and regulations governing CDBG have been changed to de-emphasize requirements to house low income people and funds for the CDBG, and the other listed federal housing production programs have been significantly reduced every year since 1981. Aggregate annual federal housing support has declined from over $30 billion prior to 1981 to $8 billion. Federal housing assistance cuts in New York since 1980 exceed $7 billion.

Ironically, the HHS regulations state that CDBG funds can be used to acquire and rehabilitate shelters for the homeless. This is one addition made to the regulations since 1981. The irony is that this is precisely the type of housing that requires the use of the high housing payments that the regulations prohibit since staffing levels are necessarily high.

In contrast to the decline in federal housing support, New York State has spent $150 million in State funds over the last three years for the Affordable Housing Program and for the Low Income Housing Trust Fund. The State has committed $90 million in State funds over the last five years for its Homeless Housing Assistance Program, providing shelters for individuals and families and providing transitional and permanent housing.

Family shelters, a form of temporary housing developed in New York over the last two years, are a safe and economically viable alternative to lodging in a hotel or motel. Family shelters vary significantly in building configuration and size, ranging from those with a capacity of 10 families to those housing over 200 families. A single shelter allowance in the AFDC program would not support this range of programs nor should the federal government expect it to. The reality is that any temporary housing is more expensive than residing in one's own home.

The not-for-profit organizations which have developed and are operating family shelters would be unable to continue their programs under the proposed regulations. Organizations such as the American Red Cross, Homes for the Homeless, Women in Need, Volunteers of America and the Association to Benefit Children would be adversely affected. The negative financial impact on these organizations would be significant, but less so than the consequences to the men, women and children who currently reside in facilities run by these organizations or who would seek shelter there in the future. It is unrealistic to expect that state and local funds would be sufficient to provide for the continued operation of these facilities. New York City's plan to phase out the use of hotels/motels through the development of additional family shelters would be frustrated, leaving no rational, affordable program to shelter the City's homeless. Given the federal government's abdication of responsibility for the development of low income housing, this would be catastrophic.

emergency situation as it exists during a 30-day period is inconsistent with the statute. Although you argue in the supplementary information accompanying the proposed rule that the current regulation is being used too broadly, the proposed regulation is overly narrow.

In light of the current numbers of homeless families (including thousands of children), severe cuts in federal housing assistance and the pressing need to establish long-term solutions to the housing shortage for low-income persons, it is unacceptable to promulgate regulations which would severely restrict the states' ability to meet the urgent needs of their needy citizens. Ignoring the plight of homeless families by denying them the emergency assistance they so desperately need is a cruel and short-sighted public policy the effect of which, in both human and economic terms, will persist for years to come.

Thank you for the opportunity to comment. We urge you to reconsider these regulations.

Sincerely,

Cesar A. Perales
Commissioner

Diann Dawson
Director
Division of Policy
Office of Family Assistance
2100 Second Street SW
Washington, D.C. 20201

Mr. PERALES. While I understand that you are rightfully concerned about the funding stream also being used to finance hotels in New York City, the city has committed itself to stopping the use of hotels and has developed a 5-year plan to accomplish this goal. But what we must remember is that for any phaseout plan to work, there must be alternatives to the hotels. The Stanton regulations, however, would not permit Federal funding for these very alternatives. With these regulations in place, any plan will be doomed to failure.

If these regulations are permitted to go into effect, we will have allowed the Reagan administration to withdraw vital support for the emergency shelter needs for families and individuals. This will be unconscionable, as we have already witness a virtual elimination of Federal support for the creation of low-income housing. If the administration succeeds with this punitive and dangerous proposal, we will have allowed it not only to withdraw from its housing responsibility, which we all realize is the basic problem, but to also make our difficult job of sheltering the homeless even harder. What we need is more flexibility, not less.

Under your leadership, as evidenced by this hearing today, I hope we can avert an even graver homeless crisis.

Senator MOYNIHAN. Thank you, Commissioner.

STATEMENT OF DREW ALTMAN, COMMISSIONER, NEW JERSEY DEPARTMENT OF HUMAN SERVICES

Senator MOYNIHAN. Commissioner Altman, we welcome you across the harbor.

Mr. ALTMAN. Senator, thank you, Congressmen.

We are, first of all, in your debt for spotlighting this issue, and I think you need to know that we are grateful in New Jersey for your raising the issue of the moratorium on the proposed regulations which would have so seriously limited emergency assistance.

I have submitted a much more detailed testimony.

Senator MOYNIHAN. We have it, and it will be made part of the record as if read.

Mr. ALTMAN. Fine, and I will simply try and hit the high points here for you today.

Senator MOYNIHAN. Take your time.

Mr. ALTMAN. I am anxious to testify today on behalf of all of us in our State to express our deep concern about the proposed Federal cutbacks in emergency assistance and to join the chorus you have been hearing today, in particular to enter a plea for the kind of flexibility we need at the State and local level if we are to respond to the problem of homeless families with something more compassionate and more cost effective than that $1,500 a month stay in the squalor of those welfare hotels.

It is important that you and the Congressmen Downey have been out front on this issue and on the issue of welfare reform, because to me there is sort of an eerie parallel between the two. In welfare, the Federal Government provides unlimited matching funds for cash assistance, which is not bad, but only very limited assistance, as you know because it is the point of your legislation, with the steps you need to take to help families to move off the rolls. And in

emergency assistance, Federal policy restricts State and local government to placing families in these welfare hotels, rather than developing better, more permanent, long-term arrangements. I would submit that both policies work essentially backwards, or certainly to the detriment of the taxpayer's interest, and of these families we are so concerned about as well.

Limiting emergency assistance to 30 days, would without any question strike a serious blow to our efforts in this area in the State of New Jersey. We are now serving about 16,000 families a year just through our EA program. Our homeless problem is bigger than that, those are just the families served through emergency assistance. Do the math and you quickly discover that there are about 48,000 men, women, and kids overall. In the last year, we have been trying hard to do more. We have literally tripled our emergency assistance program in 1 year. We have tripled the dollars spent on it, we have tripled the numbers of families served by emergency assistance. And with Governor Kean's leadership, we have expanded a number of other important programs for the homeless as well.

Over the past 1½ to 2 years, we have also extended the time limit for emergency assistance in our State from 2 to 5 months, which is where it stands today. Our approach generally has been to expand the number of people served by EA, make it available to many more people, but maintain the time-limited nature of the program. We don't see emergency assistance certainly as the solution to the low-income housing problem. We think it is the wrong tool for the job. And frankly, we are a little bit worried about the long lengths of stay we see in the welfare hotels here in New York.

But we do, however, see EA, and there is no question about this, as an important part of our overall response to this problem. And the 30-day cutback which would occur in October, which is now not that far away, would cost us about $7 million in emergency assistance funds. That would place an impossible burden on our emergency assistance system and an impossible burden on our homeless programs as well. So, the first request that we are making here from New Jersey today is a straightforward and simple one. It is to see that this regulation is rescinded and that, at a minimum, the statute is changed so that the current Federal commitment to emergency assistance is maintained.

It is logical that doing so is fiscally neutral, since it would only bring the statute into accordance with what has been regulatory practice and with what current expenditure patterns are. Secondly, and it has been a chorus here today, but I will get in my 2 cents because it is so very important, we are asking that emergency assistance be made more flexible so that State and local governments can do a better job in this area.

There is an example which I thinks helps to drive home this point. We are currently paying about $42 a day on average, to house a family in those welfare hotels. The average length of stay is about 68 days, so we are spending about $2,900 per case. With these same funds, if we had the flexibility to do so under Federal law, we could provide a rental subsidy in New Jersey sufficient to place these families in apartments for over 1½ years. So we've got 68 days on the one hand in a welfare hotel, and more than 1½

years in an apartment if this change were made. I think the argument for flexibility speaks for itself.

We would, therefore, support a change in statute or a waiver provision, Senator, similar to that contained in your welfare reform bill, which would give States the flexibility to do this sort of thing. And if necessary, and I guess it is fashionable these days, we would accept some sort of requirement that States document the revenue neutrality or the fiscal neutrality of this sort of approach.

I don't need to tell you that the vagaries of the waiver process and implementation of such, that I would be less than honest if I didn't say that we prefer change in statute to a waiver provision.

Senator MOYNIHAN. Yes, yes.

Mr. ALTMAN. But certainly a waiver provision would be another way to go.

Third, we believe very strongly that prevention needs to be emphasized more in emergency assistance. One of the most effective things we do now in EA is we provide up to 3 months back rent or mortgage payment if a family is threatened with eviction or foreclosure. Obviously, a 30-day limit would wreak havoc with our ability to undertake or to sustain that sort of approach.

Fourth, and I guess more generally, we want to join everybody here in urging that the Congress enact welfare reform legislation to address the broader needs of public assistance clients. One of the problems homeless families have is that they do not have the resources or income to pay for the high rents which often are charged in our State. We expect this will be one of the benefits of our employment and training program which we call REACH—realizing economic achievement—because it will increase the disposable income of the parents.

Last, and I think most obviously, we also want to urge the Federal Government to get back into the low-income housing business, which I think is the fundamental issue here today. But until that is done, and until the shortage of low-income housing is addressed, emergency assistance just has to remain an important part of our overall response. And so, to put it simply, we would like to see the Federal effort maintained, and we would like to see that flexibility we so desperately need to get some of those families out of those welfare hotels. Thank you very much.

[The prepared statement follows:]

STATEMENT OF DREW ALTMAN, COMMISSIONER, NEW JERSEY DEPARTMENT OF HUMAN SERVICES

Good morning Chairman Downey, Chairman Moynihan, and members of the subcommittees. I'm Drew Altman, commissioner of the New Jersey Department of Human Services. Thank you for giving me the opportunity to speak with you on the serious and growing problem of homelessness.

I'd like to express my appreciation to all the members of the subcommittees, and in particular to Senator Moynihan and Congressman Downey for your leadership on this issue, on welfare reform and on so many other issues of importance to us in human services.

I'm here today to express my deep concern about the possibility that Washington may severely reduce the amount of emergency assistance that States can provide to persons receiving aid to families with dependent children [AFDC]. I am especially concerned that emergency assistance will be limited to 30 days. This would result in a major reduction in Federal support to assist homeless families and, overall, will seriously undermine our efforts to address this growing problem.

What we need from Washington in this instance is more assistance and greater flexibility, not cuts in existing, already very limited programs.

New Jersey, like many other States, has a serious homeless problem. In recognition of the perceived magnitude of the problem and the need to develop a concerted statewide response to it, in 1983, Governor Kean commissioned a State task force on the homeless. The task force estimated that there were 20,000 homeless persons in our State. More recent data indicate that the number of homeless has grown to more than 25,000.

As you know, estimating the number of homeless people is always difficult. Some define homelessness one way, others another. In addition, some of the estimates we see are single night counts, while others are annual counts of all of those who were homeless for any period of time in the course of a year. In the final analysis, we believe that this numbers game is irrelevant. The problem is obviously a huge one, and totally unacceptable in a society such as ours.

There is one number though that we are quite certain about. Right now we are serving 16,000 families a year in our AFDC emergency assistance program—about 48,000 individuals overall. Because these figures are so staggering and the implications for families frightening, it is critical that every attempt be made to prevent the implementation of any Federal Policy which further restricts or prohibits the delivery of desperately needed emergency housing services to homeless families.

The demand for emergency services among homeless AFDC families is such that the State has tripled spending on emergency assistance in the last year—from $9 million to $30 million. In the process, we have increased the number of families covered from 5,000 to 16,000 over the same period of time. Because of the difficulty of finding housing, over the last two years, we have also extended the time period for emergencies from two to five months.

Our approach has been to expand the number of families covered by emergency assistance while maintaining the time limited nature of the program. We are very worried that if we were to extend the time limit further we would experience a problem similar to that here in New York, where the average length of stay on emergency assistance is thirteen months. We believe strongly that the emergency assistance program cannot be asked to serve as the solution to the broader low-income housing crisis or the homeless problem. Nevertheless, it is a vital part of our overall response.

That is why we find it so alarming that the State and Washington are behaving like "ships in the night" on this issue. We are expanding our program to meet emergency needs while at the same time Washington is considering cuting back to 30 days. Such a policy can do little more than dump more of this problem on the State and on our 21 counties. We estimate that this cutback alone would cost New Jersey over $7 million next year.

This withdrawal of Federal support would also undermine the partnerships we have developed between all levels of government to address the needs of the homeless. The Stewart B. McKinney Act has been helpful in supporting these partnerships. Homelessness is a complex problem which requires that funding for services be allocated at all levels of government. Because funding at the State, county and municipal levels is limited, establishing cooperative relationships to address the homeless problem has been difficult, but considerable progress has been made in New Jersey.

The Governor has taken a comprehensive approach towards the homeless and has initiated major programs in both my department and the department of community affairs to meet the urgent needs of the homeless.

State programs to assist the homeless include a $2.8 million homeless prevention program which provides loans or grants to households that have been evicted for non-payment of rent because of a loss or delay in benefits, unemployment or other crises. Project Self Sufficiency provides comprehensive services to homeless single-parent families including housing assistance, job training and placement, day care and transportation to assist these families in achieving self-sufficiency. The State provides $1.5 million for this program which will assist 250-300 families. The State also has programs for the renovation, upgrading and expansion of homeless emergency shelters.

A major outcome of Governor Kean's task force on the homeless was the establishment of a statewide comprehensive emergency assistance network. This network of county-based coordinating committees focuses on developing a wide range of services and programs which address the emergency housing and social service needs of homeless individuals and families. The network established a framework for the coordination of services at the local level among Federal, State, local, and private agencies.

Governor Kean has increased funding for this program this year by 28 percent. Withdrawal of Federal funding would severely undermine these cooperative arrangements and send a signal to the States and others that it's acceptable public policy to ignore this growing problem.

The following Federal actions are essential if States are to meet the needs of the homeless.

First, title IV-A of the Social Security Act must be amended to reflect current regulatory policy on emergency assistance. As I understand it, the reason the Department of Health and Human Services proposed draft regulations limiting emergency assistance to 30 days was because that is the limit required under current law. Given the Federal deficit, I realize there is a concern about liberalizing policy in any entitlement program; but in this case doing so should have little fiscal impact since States have already been operating under Federal regulations which allow assistance beyond 30 days.

Furthermore, it is clear that homelessness is far greater a problem now than it was when emergency assistance was orginally authorized in the Social Security Act. Because of this, within the last two years we have had to authorize extensions on three occasions. Times change and so must federal laws to address new social problems.

Second, States must be granted greater flexibility to administer the emergency assistance program. In some very interesting respects the issues involving emergency assistance are similar to those in welfare reform. In welfare, Federal policy promotes dependence by emphasizing cash assistance over job training and employment. In emergency assistance, Federal policy also has things backwards. Federal emergency assistance policy encourages States to place families in temporary motels at exorbitant costs rather than developing other strategies such as using emergency assistance funds to create permanent housing which will lead to greater independence, and, in the long run, reduced public expenditures.

For example, we are currently paying an average of $42 a day for AFDC families to live in motels or hotels on a temporary basis. The average length of stay is 68 days. This results in a total average cost of $2,800 per case. With the funds we are currently spending for temporary housing lasting about two months, we could provide rental assistance sufficient to place the average family in permanent housing for over a year and half.

Another example is that we are working with the city of East Orange, and the Ford Foundation in a demonstration whereby we more effectively utilize emergency assistance to renovate abandoned buildings and at the same time provide temporary emergency shelter and supportive services as well as permanent housing to families in need.

We are doing this by having a non-profit agency lease vacant emergency housing units from the private owner. The agency pays the owner a rent that covers operating costs as well as the costs of making building-wide improvements. In return, the nonprofit agency enters into an agreement to lease the refurbished apartments to low-income families.

We will also soon take a major step to use emergency assistance more sensibly in New Jersey. Heretofore, unlike New York, we have been maintaining a full AFDC grant, including a housing component, for families on emergency assistance. This has produced a double payment for housing which is inequitable. A family on AFDC placed under emergency assistance in a hotel or motel receives the full AFDC grant, but does not need to pay rent from that grant. The 99 percent of AFDC recipients who at any time are not in hotels or motels under emergency assistance must pay their rent out of the same size grant. This means that the disposable income of those in hotels or motels is much higher.

Our plan is to delete the housing component of our regular welfare grant, thus freeing up an estimated $3 to $6 million a year for our counties to use in rental assistance programs for AFDC families. Shelter expansion, more permanent housing arrangements, home finding and case management activities, and so forth. Some of these services are reimbursable at the Federal level; others are not.

Recently, we experienced a crisis in emergency assistance in New Jersey when the time limit for 940 families in welfare hotels ran out. In examining this situation, we found that 80% of these families were residing in 5 of our 21 counties. We also found that the differences in performance of the counties in placing these families was not explained by their housing markets. For example, Camden and Middlesex Counties, two counties with very serious housing problems, ranked among the best in placing homeless families. We found that the difference between the counties' experience was that some had rental assistance, family shelter, and home finding serv-

ices in place, while others did not. These services do make a difference, so it makes sense to allow States the flexibility to use emergency assistance to fund them.

What we would like to see then, is Congress follow suit by allowing the States to use emergency assistance in a more flexible manner. This can be accomplished in various ways.

We are very supportive of the provision which you have included in your welfare reform bill, Senator Moynihan, which would authorize more flexible waivers in certain programs such as in emergency assistance. A waiver program would represent one possible approach.

Another approach would be to specify in the emergency assistance statute the ways in which emergency assistance could be used to support transitional or permanent housing efforts not currently reimbursable, if the States can demonstrate that it would be less costly to provide this type of assistance. These arrangements should allow emergency assistance funds to be used for rental subsidies, special arrangements to increase low-income housing, and the expansion of shelters.

I can assure you that New Jersey is as concerned as the Federal Government about increasing emergency assistance expenditures. After all, we pay for half of the costs. Thus, we ask that Federal policy grant us the flexibility to reduce these expenditures by enabling us to redirect emergency assistance funds towards more permanent housing arrangements. It simply makes no sense to continue to try and address this problem in the worst possible manner by paying $1,200 to $1,500 a month only to see families living in the squalor of the welfare hotels.

Third, prevention should be emphasized in emergency assistance. We are finding that one of the most effective changes we have made is the authorization for counties to pay up to three months in rent arrears for families at risk of eviction and making mortgage payments for families at risk of foreclosure. This kind of assistance is much less expensive and disruptive to the family than sending evicted families to motels and hotels. Yet, it is the kind of assistance that would be severely diminished if emergency assistance were limited to 30 days.

Fourth, Congress must enact welfare reform to address the broader income-related needs of public assistance recipients. One of the problems homeless families face is that they do not have the resources or income to pay for the high rents which often are charged in our State. By emphasizing job training and employment and strengthened child support enforcement in the AFDC program, we can raise the incomes of many of these families to a level that is needed. New Jersey strongly supports both your bills, Senator Moynihan and Congressman Downey, and urges that Congress pass and the President sign welfare reform legislation this year.

Fifth, in the final analysis, at the heart of this matter is the low-income housing problem facing our country. Here, the withdrawal of the Federal Government from the low-income housing area looms large. As you know, Federal support for such housing has been drastically curtailed over the past several years, leaving many families without any type of adequate housing. In New Jersey, we have waiting lists for Government built housing as long as 10 years.

Without significant Federal support to develop more permanent low-income housing, homelessness becomes a permanent problem for which solutions cannot be found. Under these circumstances, the pressure on the AFDC emergency assistance program can only mount. And until such funding is provided and these alternatives developed, there is little logic, in human or economic terms, to cutting back emergency assistance further.

Rather, I ask today that the Federal Government renew and expand its commitment to providing for the housing needs of the poor. The alarming dimensions of this crisis demand this commitment. We can do no less for homeless families and the children who have no choice but to rely on us for help.

Thank you.

Senator MOYNIHAN. We thank you, Commissioner.

And now, Commissioner Williams, who is the Deputy Director of GAIN External Affairs. We have heard a great deal about GAIN in Washington and here in New York, and we welcome you most especially, Mr. Williams.

STATEMENT OF CARL B. WILLIAMS, DEPUTY DIRECTOR, GAIN EXTERNAL AFFAIRS, CALIFORNIA DEPARTMENT OF SOCIAL SERVICES

Mr. WILLIAMS. Thank you, Mr. Chairman, Senator. I testified before you recently on your Senate bill 1511, and we have testimony prepared today that I would like to have submitted for the record.

Senator MOYNIHAN. Without objection, of course.

Mr. WILLIAMS. I would like to point out, Senator, in that testimony that while we are waiting for the long term solution of the homeless problem, we have urged that employment programs similar to those proposed in S. 1511 be considered as part of the mix needed to solve the hgmeless problem.

Senator MOYNIHAN. Mr. Downey has already done his job and is waiting for me to do mine.

Mr. WILLIAMS. Senator, we in California on February 1st started an effort to aid in the problems of shelter for homeless AFDC families, which had the regulations proposed by the Department of Health and Human Services on December 14 been in place, we could not have done. And we are concerned that while there was reluctant approval of our program to aid homeless AFDC families, that some time in the future the authority that we now have, may be taken away. And we would not want to see that happen.

We have put into place a program that provides for both temporary and permanent housing for homeless AFDC applicants and recipients. The temporary program provides for up to $60 a day per family for 28 days, and that is followed by up to two times 80 percent of the AFDC household grant to use for the very important purposes of legal deposits for utilities and so forth. Deposits seem to be one of the big problems with many homeless families—coming up with that large sum of money that is needed just to get in the front door.

We have also observed that one of the difficulties with many homeless families is that the landlords are reluctant to rent to them—principally because they say that there is no assurance of receiving rent and that there are often irregular payments made and so on. We would like to urge that in addition to changing the current statute with respect to the use of special needs money for the homeless, that in addition, we be permitted to make vendor payments and third-party payments so that we can assure landlords that they will receive the rent that is due them from the family that we have helped place in one of their units.

We would like to ask, Senator, that we not simply try to extend the moratorium on these regulations. We are very concerned that unless the philosophy is changed and reflected in new regulations, that we will not be able to continue our program in California. We would not want to see that happen. We expect that we will be serving as many as 50,000 to 75,000 in the State, and the principal problem is housing. I am trying to avoid, Senator, saying the same things that have already been said here by my colleagues.

Senator MOYNIHAN. It is important that three quite separate States have the same message.

Mr. WILLIAMS. Senator, I would also like to point out that I am representing a Republican Governor, who is very concerned about this problem.

Thank you very much.

[The prepared statement follows:]

89-942 O - 89 - 5

Testimony Before
Subcommittees Holding Joint Field Hearing on
the Use of AFDC Funds for Homeless Families

March 28, 1988

Presented by Carl B. Williams
Deputy Director
GAIN External Affairs
California Department of Social Services

Mr. Chairman, members of the subcommittees, my name is Carl Williams and I am the Deputy Director of GAIN External Affairs for the California Department of Social Services. I wish to address the four issues identified by the subcommittees as areas of specific concern with respect to the use of Aid to Families with Dependent Children (AFDC) funds to assist homeless families. We are particularly interested in these issues because our AFDC Homeless Assistance Program went into effect February 1, 1988 on an emergency basis. Thank you for this opportunity to present California's view on this subject.

1. What is the appropriate role for the AFDC program to play in responding to the needs of homeless families? To what extent does the AFDC benefit level affect the number of homeless families?

   Response:

   Section 406 of the Social Security Act addresses payments with respect to needy dependent children and certain individuals living with them. These AFDC payments constitute aid subject to federal reimbursement. The Social Security Act does not give federal authority to limit or define the amount the state determines is necessary to meet the need of such persons. Congress was very clear in enacting the Social Security Act that states were to possess the sole power to set benefit levels and the standard of need.

   The AFDC program is designed to meet the basic needs of applicants and recipients. Shelter is recognized as one of these needs. Federal law and regulations are written to grant states flexibility in meeting the needs of its AFDC population. The Department of Health and Human Services' (DHHS) proposed rule, which could be interpreted to prohibit homeless assistance from being granted as part of the basic grant or as a nonrecurring special need, violates the intent of federal law and regulations. Furthermore, it is in conflict with the basic program tenet that recognizes shelter as an essential part of the need standard. Finally, AFDC is intended to provide assistance to needy children and their families. This program has the flexibility to allow states to meet the needs of homeless families more equitably and effectively than any other form of assistance.

   In conclusion, the AFDC program is the public assistance program best able to meet the needs of homeless families because:

- It is a family assistance program;
- It is intended to meet shelter and other basic needs;
- It contains the flexibility to allow a homeless assistance component within the overall program constraints (see California's state plan option to provide homeless assistance as a nonrecurring special need); and
- Its eligibility criteria are broad enough to reach many homeless families.

2. Should the AFDC statute and regulations be modified? If so, how?

Response:

- The AFDC regulations should be modified to allow states to provide additional eligibility restrictions to special needs. Since a special need is a need above and beyond the needs recognized for the majority of recipients, states should be allowed to require verification of the need and to impose additional income/resource limits.

- Notwithstanding the provisions of 45 CFR 234.60 (Protective, vendor and two-party payments for dependent children), the AFDC regulations should be amended to allow states to issue vendor payments for the nonrecurring special need. Vendor payments allow states to maximize their flexibility in assisting homeless families while concomitantly ensuring that the payment is used for the purpose for which it is intended.

- Federal regulations should be amended to prohibit DHHS from delaying approval/denial of state plan amendments. Although federal regulations do prescribe time limits for approval of state plans (45 CFR 201.3(e)), there is no similar time limit for state plan amendments. It has been California's experience that some state plan amendments are neither approved nor rejected but returned on the basis of the need for more information or clarification. This has the effect of precluding a decision regarding the amendment, thus denying appeal rights to the state.

3. What would be the effect of the regulations proposed by the Department of Health and Human Services on States, localities, non-profit organizations and homeless AFDC families?

Response:

- The proposed regulation is unclear as to its meaning, which must be ascertained from the Preamble. For example, the Preamble refers to "type of housing occupied." What does this mean? A literal reading of this proposed regulation would allow a state to assist a homeless family by paying the initial costs of moving into a residence but not allow a payment if the shelter were temporary. The special need should not be tied to any particular type of housing, merely to the objective of assisting the family to overcome its homeless condition.

In addition, the Preamble clearly indicates that the special need is not be used to assist a homeless family. The Preamble, in part, states, "...we propose these amendments regarding...special need allowances for shelter. The regulations would clarify that such allowances are not permissible under the AFDC Program." (Emphasis added.)

The first paragraph of the Preamble acknowledges that, "Federal policy has long recognized that this need standard includes the costs of basic needs recognized as essential for all applicants and recipients. Generally included are everyday items such as...shelter." DHHS agrees that shelter is a basic need. Therefore, if a family is without shelter, a basic need is not being met. The only mechanism available within the program to meet needs not common to the majority of recipients is the "special need." DHHS' proposed rule severely reduces a state's flexibility to address emergency situations, such as a lack of housing.

In conclusion, the proposed rule to curtail a state's ability to maximize the use of the special need is inconsistent with basic program principles. We should not deny a family fulfillment of its essential need for shelter.

4. What is the long-term solution to the problem of homeless families?

Response:

- There does not appear to be a reliable source of information regarding the characteristics or causes of homelessness among families. Until we learn what underlies this social phenomenon, the AFDC Program can provide long-term assistance to homeless AFDC families (see California's state plan pre-print pages providing a nonrecurring special need for homeless assistance, attached) within the limits of the program constraints. However, the issue of affordable housing goes far beyond the scope of the AFDC Program. We must look to our social scientists and researchers to provide data to guide long-term policy. One area of interest should be employment directed welfare reform programs such as California's Greater Avenues for Independence.

AFDC can help get families off of the streets and into permanent housing through the use of a time-limited nonrecurring special need. Once the family is housed, vendor payments for rent could ensure the families continued residency in the permanent housing.

We urge the committee to allow this incremental step towards assisting homeless families and to stimulate careful inquiry into the causes, prevention and solutions to this multi-facetted problem.

Senator MOYNIHAN. We thank you, Mr. Williams, and if you will just indulge me here, Mr. Chairman. Mr. Williams was talking about vendor payments. I think we really have to listen to him, and all of us who go to the Congress, I think remember the first time they got beat on the floor, and that hasn't happened to Mr. Downey yet, but it will come in time. Statistically it will, and then you will remember it.

But the first time I was beat, and beat pretty badly, was on the question of vendor payments, two-party checks.

Mr. WILLIAMS. I remember it, sir.

Senator MOYNIHAN. And Mr. Rangel and Mr. Bingham had passed a measure that let the city do more of this. And it was a time when a lot of our present problem was beginning, about 1977 or 1978, if I recall. At that time, at the seventh inning stretch in Yankee Stadium when there was nothing to show on the field, they would turn the cameras around and you could watch the South Bronx burning. And we were trying to say when a welfare mother appears to the landlord, if she has a two-party check for the rent, she can say, "I am a good tenant, you know my rent will be paid. You can be sure of that. You can't be sure of other people, but I am a good prospect." Strange, the doctrinal opposition to that. It got beaten in the Senate as somehow illiberal, which is helpless.

I just want to say that we are with you. I think I hear you, Mr. Williams, that you don't want another 12 postponements of your sentence, you would like to get this thing changed.

Mr. WILLIAMS. That's right.

Senator MOYNIHAN. I hope we can change it for you, and I think Mr. Downey would agree.

Acting Chairman DOWNEY. I want to thank our panel, and apologize to my commissioner for being out of the room for the time of his testimony. I can assure you I am aware of what he said, and briefly listening to you, Mr. Altman, am encouraged that as Senator Moynihan suggested, there seems to be nobody in agreement that these regulations make any sense, save Mr. Stanton.

I have been unable to locate anyone else, and sadly, changing the regulation is not going to be an easy task. Mr. Williams, we find ourselves at this point in the hearing in an unusual position since we must kill time until 3 o'clock. We are waiting on Mr. Dukakis, and we have yet another panel, but while I have you here, I have some questions about the GAIN Program, and your experience if you can relate it to us, specifically with respect to San Diego.

Senator Moynihan and I, as you know, respectively chair the welfare subcommittees in the House and the Senate. We passed a bill in the House, and we await action in the Senate. If Pat has his way, we will certainly see that bill. I am not sure that we can get President Reagan to sign the bill, but we will endeavor to do that. What we have been told, at least I have been by my colleagues from California, is that the critical link between dependency and productivity is in child care. And also, what has been found in places like San Diego, is that not only is child care more expensive than we ever estimate, but that the remedial skills that are necessary for putting people to work, are also not what we expect, that is, we have to teach people to read and to write, to go on interviews, and to do a variety of things.

Can you give us the benefit of your wisdom with respect to the GAIN program in your state on these points, child care, and remedial skills for those who are in it?

Mr. WILLIAMS. Yes, I am delighted to have this opportunity.

Mr. Downey, when GAIN went into effect about 2½ years ago we were somewhat naive about some of the problems we were faced with in our caseload. I think it is fair to say that we really didn't known very much about our AFDC population, even though we have been serving them for 50 years. What we discovered are two very important things.

One is that our early estimates of how many of those people were in need of basic education were very much understated. We are now finding that about 60 percent of the general AFDC population needs to return to basic education of one degree or another ranging from a few weeks to get prepared for a GED exam to several years to learn English because the person is, for example, coming from Southeast Asia or Mexico and doesn't speak English. We are spending great sums of money on basic education, and I always like to add when I am asked this question that it raises serious concerns in my mind, and I think in most people's minds about what is happening with our basic education structure.

We see, unfortunately, an endless stream of people dropping out of high school, failing at high school in the second or third grade and coming onto welfare and spending long periods of time on aid. I think somebody has to make inquiry into why our education system is producing such ill-prepared people, who are very often getting into other dysfunctional behaviors and ending up on public assistance.

On the question of child care, under our rules nobody is required to participate in our program unless they receive child care. And the child care that is selected is at the choice of the participant, not the Government's choice. Because of this choice, we learned that in California, child care rates varied considerably. If you have what amounts to a babysitting arrangement with grandma, you pay one rate. If you are looking at a relatively sophisticated child care center, you are at a very different and higher rate.

We asked and received from the Federal Government, waivers to allow us to pay the market rate for child care. In fact, under our State law, we may pay, and this is a technicality, 1½ standard deviations above the mean market rate, so long as the average rate stays at the market rate as determined by our resource and referral agencies.

What that all means is we can pay high child care rates as long as we are also paying relatively low child care rates.

Acting Chairman DOWNEY. If I can just interrupt here, we have someone from Stamford working in the back office. One-and-a-half standard deviations indeed.

Mr. WILLIAMS. I understand that sounds very technical, but it has been working very well. We are able to pay for very expensive child care in a place like San Diego or Santa Clara County, and still stay within the average cost that we have established as the market rate. That rate, by the way, is established annually by the resource and referral agencies that do a complete survey of child

care provided throughout the State. Rates are then established for each community.

We have found that the kind of child care that is probably most useful, because we are using the typical WIN mandatory cutoff for our participation, is child care that is provided in school settings. Before school or after school care seems to be the most useful for many parents who are trying to learn a skill, are actually starting to work, or are going back to school themselves. It is convenient for them, they trust the schools, and they like to have their children there. That is not to say, of course, that we are not providing child care in other settings as well.

One of the unique features of the GAIN program is that child care is provided and paid for, even if it is provided by a relative of the child. So, if grandma looks after the child, we will pay grandma, albeit a reduced rate. I believe that covers the two questions you have asked.

Acting Chairman DOWNEY. Quite adequately.

Senator MOYNIHAN. Mr. Rangel.

Mr. RANGEL. Director Williams, you have been talking about the failure of the educational system and, of course, you probably would agree that if you had kids coming out of this homeless environment that naturally would impact on their lack of ability to get an education. But do they have any alternative school system in California that might hone in on the special problems that I guess, social workers call them, at risk, the kids?

Mr. WILLIAMS. Yes, we do have an alternative program for youngsters. We even have a program in which a youngster can take high school courses essentially staying home. I don't know the technical term for it, but it is a program which seems to be working out reasonably well.

Mr. RANGEL. Is the private sector involved with that?

Mr. WILLIAMS. No, not at this point. Although with the money that is going into the GAIN Program, we are beginning to see more interest from the private sector. One of the things we have learned is if you look at all of the young women who are heading households on AFDC, about 60 percent of those young women had their first child when they were teenagers. We also know that of that same group, that approximately 70 to 80 percent of those young women dropped out of high school either before or just after becoming pregnant.

So, we are seeing the school failure contributing to this dysfunctional behavior which is extending spells on public assistance. Quite frankly, the national research that has been conducted tells us that a woman who has had a child when she was a teenager, is likely to remain on public assistance an average of 10.4 years, the longest stay on AFDC of any particular group. While, I can't say that education is going to solve the problem of teenage parenting, I have a feeling that if teenage parenting occurs and there is a high school education that goes along with that, the chances of repetition are greatly reduced, and the opportunities for the future are greatly enhanced.

Acting Chairman DOWNEY. Would you yield, Mr. Rangel?

Mr. RANGEL. Yes.

Acting Chairman DOWNEY. Mr. Williams, in the GAIN program do you target teen mothers for finishing high school or for any special intervention so that the teen mother is less likely to live her life without a diploma?

Mr. WILLIAMS. I almost wish you hadn't asked me that because the answer is we are doing it by encouraging them as volunteers. In 1985 when the bill was passed, we did not have the benefit of the research that came out of Mathamatica Corp. recently, which tells us that the Bayne and Ellwood data reflects that the people who are likely to stay on welfare the longest are the people who had children when they were teenagers.

We didn't know that at the time, so what we did was to set the cutoff at 6 years of age. While, that will pick up a large number of women who had their first child when they were teenagers, it won't deal with the young women at the front end of the system. Therefore, we are out very vigorously trying to market this group of people to come into the program. We are working closely with the educational establishment trying to set up programs that will maintain them in school and keeps them moving forward. The facts are that once one of these young women gets a high school diploma, a GED, or equivalent, the tendency to repeat the mistake is reduced substantially. So there is a tremendous value in getting them to volunteer.

Senator MOYNIHAN. Mr. Perales, Ms. Bane used to be your assistant.

Mr. PERALES. Yes, she was my deputy, and at that time we put in place a couple of programs and while we don't get the same attention I think in New York because we don't have a name like REACH or GAIN, we have had since 1984 one of the most effective welfare-to-work programs.

Two things that we do for teenagers, I think are unique and very important, and I just wanted to add them. One of them is that we require case management. In other words, as of this year, any teenager who is a parent on our caseload, is automatically assigned a case worker, a case worker whose caseload cannot be very long. Typically we are talking about 25 or 30 young women assigned to a social worker.

Second while there is no requirement that a woman with a child over the age of six participate in a employment program or even in an educational program, we have set up 19 centers throughout our State, called CEOSC, comprehensive employment opportunity support centers. I know that both Senator Moynihan and Mr. Downey are looking forward to visiting one of them, and I would like to extend an invitation to Congressman Rangel to visit one of our centers.

Mr. RANGEL. In my district?

Mr. PERALES. Well, we don't have one in your district, Congressman.

Mr. RANGEL. Well, that is easiest way to get my attention.

Mr. PERALES. I am looking forward, Mr. Congressman, to establishing one in your district, but as of the moment, we've only got 19 in the State and three of them are in New York City. But they are important in that one location, one facility, we provide all of the services that this parent and young child will need, including child

care, including remedial education, as well as the type of educational training that they are best suited for. And we do it, I think, in such an attractive way that these women with young children, who are not obliged to participate in this program under current Federal law, actually there are long waiting lists in each one of these CEOSC's throughout our State.

So that New York is very proud of our employment programs, particularly those programs that target women with young children and to target teenage mothers.

Mr. RANGEL. Do these teenage mothers go into the public school system?

Mr. PERALES. Quite often what the case manager does is to find the appropriate educational place for this teenager.

Mr. RANGEL. Well, what alternative appropriate place is there?

Mr. PERALES. Quite often it is a public school. There are public schools in New York City where young parents are welcomed and provided with some help. In other instances, it may have to be after regular school hours.

Mr. RANGEL. I am thrilled to talk with you, commissioner. The private sector, Columbia University, has put together a program that would have them come in, and with a little help from Secretary Bennett, be able to say that once this person has just fallen between the cracks, that is that they are out of the system completely, that because of the special needs that industry has in our city and State, that they might be willing to pick up a part of the tab to see whether they can do some training.

Mr. Williams.

Mr. WILLIAMS. One experiment we are trying is occurring in San Diego County. One of the things we have observed about young people who have dropped out of school is that they are very reluctant to go back to the same institution where they failed. The place is not for them. They had a hard time there, they don't want to go back, and for whatever reason, that doesn't seem to be the easiest way to get them the education that they failed to get the first time.

In San Diego County, eight of the school districts have gotten together and decided on a common curriculum, which by the way is a rather amazing accomplishment. School districts can't usually agree on where to go for lunch, much less on a common curriculum. Nevertheless, they have established a plan to open 45 or so storefront computer-aided instruction centers throughout the communities from whence are coming many of the participants in the GAIN program. The object being to keep the self-esteem of the student up by not forcing them back behind the desk of the high school down the street where they failed.

This experiment has already been tested in a couple of locations with very remarkable results. Now, I can't say this is going to happen all of the time, but we sent some people over there for basic remediation, thinking we would just raise their reading levels and math levels to a sixth or seventh grade level. Within a remarkably short amount of time, all but one of the first group passed the GED test and received their high school diplomas. We never expected that, but the combination of the setting, of the computer-aided instruction which is very, very helpful, and the fairly high

teacher-to-student ratio, seems to be making the difference with these people who failed miserably the first time through.

Mr. RANGEL. Mr. Altman, did you have some similar experience?

Mr. ALTMAN. Yes, I am glad you raised the question because we feel pretty strongly that focusing on that teenager on welfare, that unmarried, unemployed, out of school, is the litmus test for the whole welfare reform effort. And frankly, if you are ducking that problem, you are ducking in welfare reform, the most important job that needs to be taken on, because the rolls continue to fill up with these young lives, and those statistics are the same we see the 4 in 10 statistics, that are lost for decades to poverty.

That is the reason when we designed our REACH program, we made it mandatory for women with children as young as 2 years of age; so that we could begin to take that on. And it is also the reason we have launched a targeted program in Camden and Newark that brings in every single teenage mother on welfare. It is called Teen Progress, and provides not just the kinds of opportunities and supports we typically talk about in our welfare reform efforts, the job training, the child care, the extended Medicaid coverage, but much more intensive educational work, group work, life skills training and parenting education and all of that.

And I would say on this point, not only are these programs focusing on the teenage mothers an argument for passing welfare reform legislation, but I guess almost unfortunately, they almost underscore the need for some political patience when we do.

Senator MOYNIHAN. And for advocacy.

Can I just make a point for my colleagues, which is obviously clear to you.

Mr. ALTMAN. Yes.

Senator MOYNIHAN. Mr. Williams said, and it seems to be so important, that when they designed the GAIN Program 2½, 3 years ago, they didn't have this information. We have been learning something. Mathamatica came along and Ellwood and Bane came along, and we know more than we knew. What we know is that the welfare population divides in half. About half of the people are on under 4 years. No big explanation of what happened to them the marriage broke up, that's all, and they are 33-years-old and they have to get their lives together and they do, and you never see them again. All you do is send them checks like unemployment checks. The plant closed, they find another job, and while they are out of work, they need help, that's all.

But this other half, they are going to be on 10 years. Now, the liberal sensibilities, and I speak as a liberal, says, "Don't force that mother into the work force, or into education, and so forth. Wait until the child is older." That is what we think now is wrong, isn't that right?

Mr. ALTMAN. Yes.

Senator MOYNIHAN. We want to get right in there, in fact, when that child is only 18 months old or 2 years old?

Mr. ALTMAN. And, Senator, the most important proof of that is to talk to the recipients themselves. Talk, as I have, to the hundreds of kids who have moved through our Teen Progress program about, "Did it bother you that it was a mandatory program?" "Well, yes, actually it did. I don't trust the state. I didn't want any-

thing to do with this. I didn't want to do that. It's the best thing that ever happened to me in my life. I can't tell you how I feel differently when I go home at night, how I look at my kids differently, how they look at me. Here is where I am headed, and now I've got some hope again."

I have yet to find a recipient, leave aside some of the organized groups we talk to, who has a problem with the mandatory program.

Mr. RANGEL. Would you yield on that?

Senator MOYNIHAN. Yes, sir.

Mr. RANGEL. I think that is in part the changing nature of the American work force. In the past we didn't expect a mother to be both a mother and a father to these children, but now clearly because in the general work force, we have so many more women in the work force, it is now unusual to expect some women, in this case four women, not to fully participate as well. And I am interested in what you said, Mr. Altman, about the fact that there is sometimes a disparity between the advocacy groups and what you see from the recipients themselves. And there is great dignity in work, and there is a great understanding that it is probably a better role model for the child to see the mother participate.

I do chafe a little bit at making it as mandatory, because what I fear is that if you make it mandatory too soon, what happens is you just provide a job search program and a lot of churning as opposed to any serious intent to help people. It winds up being you are fulfilling some requirement that Washington has made for you, but you are not doing anything for the people.

Senator MOYNIHAN. No, but we shouldn't be afraid to get in there early.

Mr. RANGEL. Is that the New York experience, Cesar?

Mr. PERALES. Well, as I indicated earlier, New York has been very effective in offering a voluntary program for women with young children. Quite frankly, it will be a long time before we have gone through all the volunteers who have come forward before we have to reach the question I think of requiring women with young children, which is one of the reasons why we have no sought a waiver.

Mr. RANGEL. But if it is not a requirement, do you find that the young mothers find it exciting to have the job opportunities?

Mr. PERALES. Absolutely, no question.

Mr. RANGEL. Would you object to the mandatory requirement as a matter of social science?

Mr. PERALES. I have I think the same reluctance that Tom Downey has about doing that unless we are prepared to make sure that there is a decent program at the end of it. Unless we are prepared to insure decent job care. And that is why I am reluctant to categorically embrace that concept.

Mr. RANGEL. Thank you.

Senator MOYNIHAN. Gentlemen, we thank you very much, and Mr. Williams particularly, for you coming across country.

Acting Chairman DOWNEY. The next witness will find himself in an unusual position, he will be asked to take his time delivering his testimony. And we will think of as many exhaustive questions as we possibly can.

We will now hear from Mr. Steven Banks, an attorney from the Homeless Family Rights Project, Legal Aid Society of New York. He is accompanied by Ms. Yvonne McCain. Mr. Banks, Ms. McCain, if you would please come forward, and Mr. Moses, assistant executive director, Children's Aid Society.

STATEMENT OF STEVEN BANKS, ATTORNEY, HOMELESS FAMILY RIGHTS PROJECT, LEGAL AID SOCIETY OF NEW YORK, ACCOMPANIED BY YVONNE McCAIN

Mr. BANKS. First of all, let me commend you for your efforts in this area and your stamina today. You have been very patient. Normally we find ourselves in a situation where we are at the end and you need to leave. So we are very grateful that you are staying.

Let me also introduce Yvonne McCain and her son Jonathan. Mrs. McCain lived in the Martinique Hotel for 4 years. She spent approximately a month at the Henry Street Settlement, which is the apartment-style emergency housing that this facility is based on; and now lives in an apartment with a lease which is set to expire in a year and a half. And at that point, she has no prospects for other housing, she will describe in some detail with the expanded time frame some of her experiences.

Let me first of all note that this is a unique hearing. We have sat here and listened to the presentations from city and state officials. Typically the homeless advocates come and present a completely different point of view than the city and State officials. I think today, however, there is unity on one point, and that is that the Secretary's regulations would do tremendous damage and would do nothing to prevent homeless families with children from being exposed to the types of conditions at the Martinique that Ms. McCain was exposed to, as well as to conditions in the other 59 hotels in the city. And I think there is unity between the State and city officials and the advocates that we are looking to Congress to not just turn back these regulations—although we certainly appreciate the efforts almost a year ago now, or 8 months ago, that you both went through to beat them back. I think we are looking to Congress to clarify the type of issues that Congressman Rangel and the Mayor engaged in an extended discussion. To clarify, for example, that EAF and AFDC funds can be used to do just what Congressman Rangel suggested they ought to be used for, and that is to rehabilitate some of the city buildings for use as temporary facilities—more adequate facilities, I should say, than the amounts of money that are being given to hotel owners.

There are other steps that must be taken. Let me first say though that although the city and state officials have focused really on the problem which is the cutback on federal assistance for housing, not enough can be said about the urgency of addressing the problem. There are tonight 12,500 children living in abysmal conditions. Media accounts certainly detail what those are; we need not go into them in great detail. But to think about life as Jonathan next to me experienced, in hotel rooms where food had to be hung from the ceiling to keep the mice from eating it, in hotel rooms where children urinate in peach cans in the night time be-

cause their parents are afraid to take them to bathrooms in the hallway, and where there is no place to do any school work, and where in fact the bed in the room becomes the focal piece of furniture since there is often no other furniture, there is a great deal of urgency.

There is a lost generation of children right now that we are creating by the policies of the last 8 years, last 7½ years, and unless the government, Congress and the cities and States are prepared to spend tremendous amounts of money sometime in the future to deal with the increased medical problems, the increased educational problems, the increased juvenile justice and criminal justice expenses associated with producing such a generation, the price of constructing a rational housing policy will pale in comparison to that price.

Now, this facility that we are sitting in is quite a change from the institutional style and hotel-style shelters that have been used as the norm. If these regulations are implemented, the not-for-profit organizations that develop these types of shelters will quite clearly not be able to develop any more. The Secretary suggests that as a result of this there could be a not-for-profit exception. I believe Councilman Gerges testified that not-for-profits could be asked to manage facilities like this in the city; that 50 not-for-profits could be found.

Sadly I think our experience in New York, and we also deal with advocates throughout the country, is that there are not enough not-for-profits with either the ability or the inclination to manage facilities like this and like some of the facilities that Mr. Moses will be speaking about that his organization manages. So to say that a not-for-profit exception could save the impact of these regulations is really to miss the reality that there simply are not not-for-profits to deal with this issue.

Second of all, I think in focusing on this facility that we are in today, we ought not to lose sight that this facility is only a step out of the mess in which we currently find ourselves. In some respects this facility is a Band Aid, a much better band aid albeit, on the current situation. But all of the clients that we represent that are in this facility, as pleased as they are to be in this facility, still want and need one thing and this is an apartment. This is not a permanent place to live. And as we create more facilities like this to address the deplorable conditions in shelters and hotels, we won't be very much further 5 years from now if we are not also creating places for the people to go to who are being placed in these more adequate facilities.

There really are several ways in which the EAF and AFDC regulations and other Federal programs could be clarified or amended to address the various specific problems that families like Mrs. McCain experienced. First of all, the EAF and AFDC money are a funding stream, in the way that Congressman Schumer and Congressman Weiss have identified, that could be used to develop both facilities like this, but more important, permanent housing options. If the purpose of the EAF statute was to provide money to States to avoid destitution of children, how much more destitute could children be than to live in the Martinique or to live in a shelter?

To use those money to develop permanent housing is certainly not a tremendous jump from the intent of the program.

Alternatively, the money could come from another part of the Federal budget. There is no reason why, for example, the HUD budget—and I realize that this committee is not focused on the HUD budget, but housing and public assistance programs are intimately related—there is no reason why HUD money could not specifically be appropriated to relocate currently homeless families from emergency housing to housing authority facilities. It is instructive to remember that this is not the first emergency housing crises in New York City, indeed nationally. But in New York City in the early 1970's when the mayor was a Congressman and conducted the type of hearings that he testified at today, the solution was to relocate families from the hotels into the public housing authorities. Since that time money for that purpose have dried up. In looking at solutions, we would urge you simply to look not at just EAF and AFDC statutes, but the wide range of programs that are available.

The flaw in the Secretary's presentation of his proposed regulations is that he says States should use other housing programs for these needs. In fact, he is partially correct, but the Reagan administration has left cities and states without any housing programs to use if these programs are going to be cut.

Anyone who drove here or walked here couldn't possibly have missed the abandoned buildings that are around this facility. We have had a great debate within this city about money which should be used to develop these buildings. I think the mayor alluded to that debate. Let me emphasize again, our purpose in coming here today is not to rehash that debate, but to say quite simply if federal moneys are made available to localities like New York which own properties, these buildings could be rehabilitated and not used as temporary shelters but filled as permanent housing. We would urge you to look at making money available to localities to rehabilitate city or municipally owned land or housing for the purpose of providing permanent housing.

We would also urge you to look at the public assistance side of the problem. When families of four get $312 a month for rent, it should be no surprise that those families can neither retain nor obtain housing. There simply isn't housing that exists for $312 a month for a family of four in this city. Contrast that with the HUD fair-market rental value that HUD has estimated that families need to purchase modest accommodations that meet code standards. In the range of $650 is the range of the HUD fair-market-value level in New York. So on the one hand we have HUD saying that's how much you need to rent an apartment, and we have recipients being provided with $312 to rent an apartment. Clearly, a very critical change that could be effected in the EAF and AFDC statutes, in particular the AFDC statutes, is a requirement that the rent levels meet at least the HUD level. That is perhaps combining housing and public assistance issues, but this whole problem exists because of the failure to look at this as an inter-related problem.

At the same time basic benefit levels are woefully inadequate. There is a relationship between the fact that a family of three in New York receives, on an annual basis including food stamps, ap-

proximately $8,300, when the Federal poverty level for that same family in 1987 was $9,300.

In Brooklyn—as long as we are in Brooklyn I note that we have done a survey of what those standards mean for our clients in Brooklyn: The average family of three, a mother and two children in Brooklyn, once you're controlled for fixed expenses like rent, utilities, and so forth, has $3 in cash and $5.77 in food stamps to live off each day. Now if anyone has been to the store and they have seen that the price of Pampers is $16.99, just for a box of Pampers. So it shouldn't be surprising that with families receiving less than poverty level in income when they are on public assistance, that they are receiving less than they need to retain housing. In effect we are putting families in an eviction zone; they are being condemned to be evicted.

Last, you referred earlier to churning as a problem. That is households being put off of public assistance for erroneous reasons. The effect of quality control programs, and I know there will be a hearing later on in April on these issues, shouldn't be discounted. It is important to look at the effect of quality control programs on this problem. Quality control programs lead to sanctioning states for providing benefits to ineligible recipients. There is no sanction for denying benefits to eligibles or erroneously terminating benefits to eligible families. Recent studies done by Anna Lou DeHavannon have demonstrated that of families coming into emergency assistance units, at least half of those families have closed cases. Now they are presumptively eligible for benefits since they are being provided with emergency housing; yet, for erroneous reasons, their cases were closed. When your case is erroneously closed, you can't pay the rent. The effect of the focus of quality controlled programs on sanctions for ineligibles versus sanctioning denials to eligibles is exactly that. We would ask that you consider that, not only in the context that you will be considering this problem next month, but that you look at it as interrelated to the homeless problem.

Thank you very much.

[The prepared statement follows:]

TESTIMONY OF THE HOMELESS FAMILY RIGHTS PROJECT BEFORE THE JOINT HEARING OF THE SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION OF THE HOUSE COMMITTEE ON WAYS AND MEANS AND THE SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY OF THE SENATE COMMITTEE ON FINANCE -- MARCH 28, 1988

This testimony is submitted by the Homeless Family Rights Project of The Legal Aid Society.

In view of the urgent immediate need for adequate, permanent housing for homeless families, we welcome this opportunity to review the circumstances which currently confront homeless families with children in New York City. In this testimony, we will describe the dimensions of the current crisis, and the impact of the Department of Health and Human Services' proposed regulations as well as some remedies for the provision of permanent housing. The problems of homeless families and the need for permanent housing will also be discussed by one of our clients, Yvonne McCain, who is the named plaintiff in litigation commenced by The Legal Aid Society in 1983 on behalf of homeless families with children in New York City.

As some of you may know, The Legal Aid Society has commenced litigation over the past five years on behalf of homeless families with children. As a result of one of our lawsuits, McCain v. Koch, a New York State appellate court has determined that the State and City are legally obligated to provide emergency shelter to homeless families with children. This past June, in McCain, the New York State Court of Appeals held that homeless families with children are entitled to safe and sanitary living conditions in welfare hotels in New York City. In addition to McCain and other class action litigation, we have provided individualized legal representation to hundreds of homeless families with children over the past five years. Through our emergency hotline for homeless families and our regular outreach work in hotels and shelters used by the City as emergency housing, we have had a unique vantage point to observe the circumstances which confront homeless families on a day-to-day basis. We also regularly provide back-up support and assistance to advocates throughout New York as well in other parts of the country.

DIMENSIONS OF THE PROBLEM

Some 5,200 families -- including more than 12,500 children -- are now receiving emergency housing in this City each night. The vast majority of these families became homeless as a result of circumstances beyond their control. They have lost their permanent housing because of fires or vacate orders placed because of dangerous housing conditions. Others had to leave their housing because of deteriorating conditions or because they had been living in overcrowded and unhealthy conditions, doubled-up with relatives or friends in inadequate permanent housing. Some are battered women or children. Some are families who have lost their housing because employment was lost or public assistance benefits were erroneously terminated or a wage earner deserted the family. Others have lost their permanent housing because, without the assistance of counsel, they were improperly evicted. Still others have lost their apartments or have never been able to afford apartments of their own because prevailing rents are higher than the monthly public assistance grant for shelter that is provided in New York City. Indeed, the monthly public assistance shelter grant for a family of four is a mere $312.00.

Despite the issuance of Court orders in our litigation and the issuance of State regulations governing the provision of emergency housing, the day-to-day existence of homeless families and their children continues to be as brutal as that experienced by the original families who sought our assistance five years ago.

Media accounts detail the fact that children and families continue to be placed in transient "welfare" hotels under conditions which are utterly shocking. Without actually seeing the conditions, it is difficult to comprehend that families with children in 1988 in the United States are living amidst such filth and squalor. Conditions in these hotels are reminiscent -- perhaps even worse -- than slum conditions described by Charles Dickens and later by Upton Sinclair. Health risks are as great as or even worse than those found in many developing nations. Despite the clear requirements of State law, families are regularly placed in emergency housing in hotel rooms with inadequate heat and hot water; bathrooms that lack privacy and are frequently inoperable; single rooms with one or two beds, even for families with several children; filthy, vermin-infested mattresses; no pillows, sheets, blankets, or towels; no cribs for infants; windows without guards; and doors with broken locks. Children have no place to do schoolwork. Food is often stored in bags suspended from the ceiling to keep mice from eating it. There are usually no cooking facilities. Chipping, peeling and exposed paint throughout a number of these hotels contains lead in concentrations as much as ten times the level permitted by law. These hotels offer little security, and children placed in them are regularly exposed to drug traffic, prostitution, and

violent crime. Families often report that their children must urinate in tin cans during the night because parents are fearful of going out of their hotel rooms at night to use "public" bathrooms in the hallways. Other families recount stories of children having to use hallway bathrooms where the walls are bespattered with blood. Drug paraphernalia of transients using these hotels is often strewn about in both bathrooms and "public" hallways.

At some hotels, such as the Turf Motel in Queens, families are placed for only one or two nights at a time -- forcing them to spend all day at their welfare centers, most of the night at an all-night welfare office to wait for a one-night hotel placement in the early morning hours, and then to repeat that daily process over a period of weeks or even months. Under such circumstances, the education of children, health care and any semblance of normal family life are completely disrupted.

And yet, the alternative to the "welfare" hotel system which has been utilized over the past three years -- the use of institutional shelters for homeless families and their children, including families containing children and adults with contagious diseases and special medical needs -- is even more expensive and exposes children and their families to even more deplorable conditions. Inspections of these shelters evoke visions of Calcutta or worse. While the City has committed to cease using such shelters, that commitment will not be implemented until 1992.

At institutional shelters, men, women and children, including young children and opposite sex teenagers, live and sleep in open rooms. There are no partitions between family sleeping areas. There is absolutely no privacy. Sleep is difficult, if not impossible, with the cries of young children continuing through the night. Diarrhea, rashes and colds are the norm, and there is no adequate screening system to protect against disease. Indeed, quarantines at the City's five barracks-style shelters because of outbreaks of measles and chicken pox are regular occurrences.

THE IMPACT OF THE SECRETARY'S PROPOSED REGULATIONS AND SOME REMEDIES FOR THE PROVISION OF PERMANENT HOUSING

Against this bleak background, the Secretary simply proposes to severely restrict federal funding for the provision of emergency housing, assistance and services for homeless families with children. As discussed in detail in our comments to the Secretary's proposed regulations, the proposed regulations would violate existing provisions of the Social Security Act and defeat the emergency assistance program's purpose of preventing homelessness. (A copy of The Legal Aid Society's comments are attached and made a part hereto as Exhibit A.) These proposed regulations are based upon fundamental misconceptions of the

needs of homeless families, the services necessary to prevent or abbreviate homelessness, and the availability of alternative federal housing assistance for the homeless. Restricting the provision of federal assistance will neither prevent homelessness nor prevent the placement of homeless families in wretched welfare hotels or institutional shelters.

As the Secretary has noted, many non-profit providers of shelter for homeless families have made significant capital investments to develop alternative forms of emergency housing for homeless families. The site of this hearing -- the HELP I Shelter operated by the American Red Cross -- is but one example of alternatives to welfare hotels and institutional shelters that these organizations can develop. Such well-known charitable organizations as the Red Cross, Women-In-Need and the Citizen's Committee for Children made these investments in justifiable reliance on the continued availability of emergency funding to cover capital and operational costs of their facilities. Termination of funding for the efforts of these non-profit institutions would have devastating consequences on the institutions themselves and on homeless families who require their assistance and services.

Nor would creation of an exception for not-for-profit institutions, as the Secretary seems to suggest, constitute an acceptable solution. In New York City -- and, we believe, elsewhere in the country -- there are simply too few not-for-profit providers with the ability, inclination and experience to develop and operate emergency housing on the scale needed to meet the growing needs of homeless families. In New York City, not-for-profit agencies provide emergency housing for only 1110 families -- less than one quarter of all homeless families receiving emergency housing assistance.

Rather than summarily eliminating federal assistance for the provision of emergency housing for homeless families with children, the federal government should amend the Aid for Families with Dependent Children (AFDC) statute by enacting legislation such as the Schumer-Weiss bill to explicitly permit the same federal dollars which are now being used to pay for welfare hotels and institutional shelters to be used to develop more humane, cost-effective apartment-style emergency housing and permanent housing for homeless families. In contrast to the abysmal conditions at welfare hotels and institutional shelters, in apartment-style emergency housing such as the Henry Street Settlement in Manhattan, homeless families are provided with a self-contained living unit, including cooking facilities, bathrooms, and adequate living and sleeping space. As a result of the stabilizing effect of such an adequate environment and the provision of social services, families in such facilities are relocated to permanent housing after substantially shorter periods of time than families languishing in decrepit conditions in "welfare" hotels or institutional shelters. For example,

while the average length of stay at Henry Street is now approximately 10 months, the average length of stay at the Holland Hotel is 20 1/2 months. The per diem rental rate at the Henry Street Settlement is $49 - $55 for a family of four, which is less than a third of the cost of providing emergency housing in institutional-style shelters, and significantly less than the per diem rates in "welfare" hotels. Furthermore, apartment-style facilities are ultimately convertible for use as permanent housing without additional cost, and therefore the development of such facilities contributes to a state's permanent housing resources.

Indeed, the provision of affordable permanent housing is obviously the ultimate solution to meet the needs of homeless children and their families. Unfortunately, cutbacks in recent years in federal funding for low income housing have been a critical contributing factor to increases in the number of families who are homeless in New York City and elsewhere in the country. Between 1981 and 1987, federal funding for subsidized housing programs was slashed by almost 70 percent -- from more than 30 billion in 1981 to 8 billion during the last fiscal year. New York City received funding for 6000 new low-and moderate-income housing units in 1981; in 1986, by contrast, the City received funding for fewer than 1000 units. As a result, the waiting list for subsidized housing in New York City has increased from 162,000 in 1981 to over 200,000 in 1987.

The Section 8 housing certificate and voucher programs have not filled the gap caused by these dramatic reductions in federal assistance for housing construction and rehabilitation. In New York City, only 3000 Section 8 housing certificates and vouchers become available each year, of which between 50 and 75 percent are returned unused to the New York City Housing Authority because of the inadequacy of assistance levels. Most of these certificates and vouchers are for single room or one-bedroom apartments that are inadequate to meet the needs of most homeless families; the current average family size of homeless families in New York City is 3.67 persons. Moreover, since the voucher system relies on families using part of their monthly food allowance to pay for rent in excess of the voucher level, it forces families to make a choice each month between feeding their children and paying the full rent.

Despite the Secretary's assertions, neither the Community Development Block Grant ("CDBG") nor the Housing Development Action Grant ("HoDAG") program is sufficiently funded to alleviate the current shortage of low-income housing. During the 1987 fiscal year, New York City received substantially smaller allocations under both programs than in prior years. At current funding levels, neither program is large enough to make a dent in the continuing low-income housing shortage. And while CDBG monies may be used to develop shelters for the homeless, under the Secretary's proposed rule, funds would be unavailable to

operate them.

While the amount of federal housing assistance has been substantially reduced between 1981 and 1987, the number of homeless families sheltered by the City each night has risen from approximately 800 in 1981 to some 5200 tonight. The number of families in the City's emergency housing system has steadily grown over the past few years largely because families are remaining in the system for longer periods of time because they are unable to locate permanent housing. The average length of stay in the emergency housing system is now twelve and one-half months. Families on public assistance are simply unable to obtain subsidized housing or to find private housing that can be rented at the welfare rent allowance level. Even after an increase which took effect on January 1, 1988, the rent allowance for a family of four in New York City is still only $312.00 per month.

Under these circumstances, without increased appropriations for public assistance and housing programs increases in the number of homeless families are inevitable. Federal funds are urgently needed for the development of permanent low income housing either through new construction or rehabilitation. Federal monies for this purpose could be provided through several mechanisms. Such funding could be provided by permitting Emergency Assistance for Families (EAF) or AFDC monies to be used to develop permanent housing alternatives for families who already are homeless. Alternatively, a specific appropriation in the budget for the Department of Housing and Urban Development (HUD) could be used to make funds available to local public housing authorities to provide permanent housing to families who are already homeless. Federal funding could also be provided to local public housing authorities to rehabilitate property owned by localities for use as permanent housing for homeless families. In New York City such federal funding could be used to rehabilitate City-owned vacant buildings and vacant apartments in City-owned buildings, as well as to bring deteriorating conditions in City-owned residential buildings up to code standards to prevent tenants in those buildings from becoming homeless.

Furthermore, in order to enable homeless families to obtain affordable permanent housing on the private market, the AFDC statute could be amended to require the provision of shelter allowances which are at least equal to the Section 8 fair market rental rate. In New York, for example, it should not be surprising that homeless families cannot find affordable private housing when the shelter allowance is only two-thirds of the rent level that HUD has determined to be the realistic cost of modest accommodations that comply with housing codes. Similarly, when public assistance benefits, including the rent allowance and food stamps, average approximately $8,328 a year for a family of three in New York City compared to the federal poverty level of $9,300

for such a family in 1987, it should be no surprise that such families are unable to retain or obtain housing. A recent survey of Legal Aid clients in Brooklyn, for example, revealed that after controlling for fixed monthly expenses a family of one adult and two children has only $5.77 in food stamps and $3.00 in cash public assistance to meet their daily needs. Thus amending the AFDC statute to require payment of benefit levels that at least equal the poverty level could be a means of reducing or abbreviating homelessness.

Moreover, federal quality control programs have unfortunately had the effect of contributing to homelessness. This results from the fact that the current quality control system is completely one-sided. Fiscal sanctions are imposed on states only for payments to ineligible families and not where eligible families have been erroneously denied benefits. This has caused substantial numbers of eligible families to be erroneously denied benefits or terminated from assistance programs, with the result that many of these households are unable to make rent payments and are then evicted -- and left to enter the shelter system. At Congress' request, the National Academy of Sciences has studied the quality control program for public assistance programs and has recently determined that if payments to ineligible families are sanctioned then denials to eligibles must also be sanctioned to avoid extreme verification requirements which often result in erroneous denials and terminations. In connection with federal efforts to prevent homelessness, this recommendation should be implemented.

In the final analysis, without an increased and sustained commitment of federal monies, more and more families who are now doubled-up and priced out of the housing market will be forced to enter the City's homeless system and be left to lanquish there for increasingly longer periods of time at great public expense. The long-term consequence of not appropriating sufficient federal monies now, in the words of Jonathan Kozol, is the creation of a "diseased, distorted, undereducated and malnourished generation of small children who, without dramatic intervention on a scale for which the nation seems entirely unprepared, will grow into the certainty of unemployable adulthood." See Kozol, Jonathan, Rachel and her Children: Homeless Families in America , (New York: Crown, 1988). In the long run, the social costs of producing a lost generation of children -- which include resulting increased costs for criminal and juvenile justice, medical care, and special educational programs -- are likely to outweigh the cost of an adequately funded public assistance and housing programs to address homelessness.

In closing, we welcome this inquiry into the problems of homeless children and their families. Perhaps as a result of these hearings and the recommendations that will result from them, children and their families will no longer be left to live

for indefinite periods of unhealthy, dehumanizing and costly institutional-style shelters, or in squalid hotel rooms.

Thank you for this opportunity to present our views on this most tragic problem.

Dated: March 28, 1988
New York, New York

Submitted by

Steven Banks
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THE LEGAL AID SOCIETY

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January 27, 1988

Ms. Diann Dawson
Director, Division of Policy
Office of Family Assistance
2100 Second Street, S.W.
Room B-428
Washington, D.C. 20201

Re: Comments on Proposed Revisions to 45 C.F.R. Part 233 Regarding Coverage and Conditions of Eligibility In Financial Assistance Programs And Scope of Payments, 52 Fed. Reg. 47420

Dear Ms. Dawson:

These comments are submitted on behalf of the Civil Division of The Legal Aid Society of New York City in response to the Department's proposed revisions to 45 C.F.R. Part 233, published at 52 Fed. Reg. 47420-22 (Dec. 14, 1987).

As set forth in detail below, the proposed changes to 45 C.F.R. § 233.20 would violate section 402(b) of the Social Security Act, 42 U.S.C. § 606(b), and bear no rational relationship to the needs of homeless families or the purposes of the Act. Similarly, the proposed revisions to 45 C.F.R. § 233.120 would violate sections 402(b) and 406(e) of the Act, 42 U.S.C. §§ 606(b), 606(e), and defeat the emergency assistance program's purpose of preventing homelessness. Promulgation of either provision in the absence of a regulatory impact or flexibility analysis would violate Executive Order 12291 and the Regulatory Flexibility Act, 5 U.S.C. §§ 601 et seq. Furthermore, both proposed revisions are based upon fundamental misconceptions of the needs of homeless families, the services necessary to prevent or abbreviate family homelessness, and the availability of alternative federal housing assistance for the homeless.

Exhibit A

Experience and Involvement of The Legal Aid Society

Since its incorporation in 1876, The Legal Aid Society of New York City has provided legal services without charge to poor persons who are in need of legal assistance and would otherwise be unable to secure counsel. Largely funded by the private bar and not-for-profit foundations, the Civil Division of the Society has neighborhood offices in all five boroughs of New York City. A primary purpose of the Civil Division has always been to furnish legal representation in housing and public assistance cases to ensure provision of shelter, food and clothing for our clients. However, since 1982 the Society has been required to devote substantial resources to meet the unprecedented needs of increasing numbers of homeless children and their families in New York City. Responding to this challenge, in 1984 the Society created a specialized Homeless Family Rights Project to address the legal problems of homeless families.

In litigation commenced by the Society, New York State courts have held that homeless families with children must be provided safe, suitable and adequate emergency housing. McCain v. Koch, 70 N.Y.2d 109, 517 N.Y.S.2d 918, 511 N.E.2d 62 (1987); McCain v. Koch, 117 A.D.2d 198, 502 N.Y.S.2d 720 (1st Dep't 1986). In addition to this and other litigation, the Society has provided individualized legal representation to almost two thousand homeless families over the past five years. Through our emergency hotline for homeless families and regular "outreach" work with families in hotels and shelters, we have unique sources of knowledge and experience about the circumstances that confront homeless families on a daily basis.

The primary work of the Civil Division nonetheless remains the prevention of homelessness and the retention of housing. During the last fiscal year, neighborhood offices of the Society represented more than 7000 indigent tenants in housing matters. Staff of the Society are specially trained to utilize AFDC and EAF funds to prevent homelessness by enabling families to remain in their homes and avoid resort to the emergency housing system.

I. Comments Regarding Proposed Revisions to 45 C.F.R. § 233.20

Our comments on proposed revisions to the AFDC program are as follows:

A. Implementation is Prohibited

At the outset, we note that Congress has prohibited the Secretary from taking any action prior to October 1, 1988 to implement the proposed regulations. Pub. L. No. 100-203, § 9118, 100th Cong., 1st Sess., 101 Stat. ___, ___ (1987). Accordingly, any action by the Secretary to implement any portion of these proposed regulations until then is prohibited.

B. Proposed Revisions Would Violate § 402(b) of the Social Security Act

If adopted, the proposed revisions to 45 C.F.R. § 233.20 would violate section 402(b) of the Social Security Act, 42 U.S.C. § 602(b). In pertinent part, section 402(b) requires that the Secretary "shall approve" any state plan which fulfills the requirements of section 402(a). Accordingly, the Secretary may not, by regulation, impose conditions or limitations on state AFDC plans that are more restrictive than the requirements of section 402(a).

Section 402(a) contains no restrictions that remotely resemble the prohibitions set forth in the Secretary's proposed regulations. Specifically, nothing in section 402(a) prohibits a state from providing a special needs allowance for temporary hotel or shelter payments for homeless families which is greater than than the maximum shelter allowance for families residing in permanent housing. As section 402(b) commands, the Secretary must therefore approve a plan which makes such provision, provided it is otherwise in compliance with section 402(a). The Secretary is without authority to promulgate regulations that would prohibit approval of state plans that must, under the mandate of section 402(b), be approved.

Moreover, the regulations would violate the principle of "cooperative federalism," King v. Smith, 392 U.S. 309, 316 (1968), which underlies the Social Security Act. The Act affirmatively delegates to participating states the authority and responsibility for evaluating the

state "standard of need." Rosado v. Wyman, 397 U.S. 397, 412-13 (1970). The Supreme Court has long recognized that the state plan may define a wide range of "special needs," including those arising from threatened or actual loss of housing. Quern v. Mandley, 436 U.S. 725, 737-38 (1978). Provided that a state plan otherwise comports with the Constitution and Social Security Act, each state remains "entirely free to set its own monetary standard of need and level of benefits." Quern, 436 U.S. at 740; King v. Smith, 392 U.S. at 334; Rosado, 397 U.S. at 408; see Blum v. Bacon, 457 U.S. 132, 140-41 (1982). By categorically limiting a state's latitude to determine the special needs of its residents that must be met, the regulations would be inconsistent with the basic premise and underlying principle of the Social Security Act. We find it ironic that an administration that has taken pride in adherence to the principles of federalism and state autonomy would do such violence to those principles here.

C. The Proposed Revisions Are Neither Rational Nor Equitable

The Secretary argues that because shelter is a "common need," it "appears inequitable" to provide families in permanent housing with a lower shelter allowance than temporary allotments provided to meet the emergency needs of homeless families. 52 Fed. Reg. at 47420. This argument is flawed. Although shelter is certainly a "common need" for all families, the cost of providing such shelter temporarily for homeless families is greater than the cost of maintaining permanent housing. Nothing is at all inequitable about making special provision for such emergency needs; to the contrary, the "special needs" component of the AFDC plan is intended to make just such provision.

Indeed, states properly make special provision for families with differing needs in many circumstances. For example, families in New York State living in "room and board" arrangements receive different shelter allotments than those living in their own apartments. Likewise, families living in counties with high shelter costs receive greater shelter allowances than families living in counties with relatively low costs. Similarly, families whose living arrangements do not include access to cooking facilities receive a special reimbursement for the cost of eating meals out of the home. In like measure, families whose rents do not include provision of heat receive a lower shelter allowance than families who do and, during part of the year,

receive a special fuel-for-heating allowance. Provisions such as these, which are specially tailored to the differing needs of families, are consonant with the purpose of the AFDC program and have always met with approval. Any prohibition on tailoring assistance to meet the special needs of families would either force states to make overpayments to substantial numbers of families or, on the other hand, compel them to leave the basic needs of other families unmet. That Hobson's choice is obviously inconsistent with the intent and purpose of the Social Security Act and is clearly irrational.

Moreover, the Secretary apparently ignores the fact that a portion of the cost of providing emergency shelter for homeless families in New York includes the cost of necessary services. These services include assistance in obtaining permanent housing; child care necessary to find permanent housing; transportation necessary to locate permanent housing; information and referral services necessary to abbreviate homelessness; and other services essential to enable homeless families to relocate to permanent housing. Since the cost of emergency shelter includes expenditures for this crucial assistance, greater assistance levels for homeless families than for those who are permanently housed -- and who do not require such services -- are in no sense inequitable. The proposed regulations, in contrast, would apparently prohibit reimbursement for these critical services, thereby senselessly and irrationally prolonging homelessness.

D. The Secretary's Factual Assumptions Regarding the Availability of Alternative Federal Housing Assistance Are Erroneous

In proposing these revisions, the Secretary also assumes erroneously that sufficient alternative federal housing programs exist to meet the needs of homeless families. Nothing could be further from the truth.

Between 1981 and 1987, federal funding for subsidized housing programs was slashed by almost 70 percent -- from more than 30 billion in 1981 to 8 billion during the last fiscal year. New York City received funding for 6000 new low- and moderate-income housing units in 1981; in 1986, by contrast, the City received funding for fewer than 1000 units. As a result, the waiting list for subsidized housing in New York City has increased from 162,000 in 1981 to over 200,000 in 1987.

The Section 8 housing certificate and voucher programs have not filled the gap caused by these dramatic reductions in federal assistance for housing construction and rehabilitation. Only 3000 Section 8 housing certificates and vouchers become available each year, of which between 50 and 75 percent are returned unused to the New York City Housing Authority because of the inadequacy of assistance levels. Most of these certificates and vouchers are for single room or one-bedroom apartments that are inadequate to meet the needs of most homeless families; the current average family size of homeless families in New York City is 3.67 persons.

Neither the Community Development Block Grant ("CDBG") nor the Housing Development Action Grant ("HoDAG") program is sufficiently funded to alleviate the current shortage of low-income housing. During the 1987 fiscal year, New York City received substantially smaller allocations under both programs than in prior years. At current funding levels, neither program is large enough to make a dent in the continuing low-income housing shortage. And while CDBG monies may be used to develop shelters for the homeless, under the Secretary's proposed rule, funds would be unavailable to operate them.

E. The Proposed Revision Would Severely Impair the Efforts by Not-for-Profit Providers to Shelter Homeless Families

As the Secretary has noted, many non-profit providers of shelter for homeless families have made significant capital investments to develop alternative forms of emergency housing for homeless families. These providers include the American Red Cross, the Citizens Committee for Children, Women-In-Need, and other well-known charitable organizations. Their investments were made in justifiable reliance on the continued availability of emergency funding to cover capital and operational costs of these facilities. Termination of funding for the efforts of these non-profit institutions would have devastating consequences on the institutions themselves and on homeless families who require their assistance and services.

Nor would creation of an exception for not-for-profit institutions, as the Secretary seems to suggest, constitute an acceptable solution. In New York City -- and, we believe, elsewhere in the country -- there are simply too

few not-for-profit providers with the ability, inclination and experience to develop and operate emergency housing on the scale needed to meet the growing needs of homeless families. In New York City in December 1987, not-for-profit agencies provided emergency housing for only 1110 families -- less than one quarter of all homeless families receiving emergency housing assistance.

For these reasons, the proposed revisions to 45 C.F.R. § 233.20 are unlawful, ill-considered, and should be withdrawn.

II. Comments Regarding Proposed Revisions to 45 C.F.R. § 233.120

A. Implementation Is Prohibited

As noted earlier, as a result of recent congressional action, the Secretary is prohibited from implementing the proposed revision to 45 C.F.R. § 233.120 until October 1, 1988.

B. The Proposed Revision Requiring Specification of the Maximum Levels of Emergency Assistance that May Be Provided Is Unlawful

The Secretary's proposal that maximum assistance levels be incorporated in state EAF plans would be both unlawful and unworkable.

The Social Security Act imposes no limitation on levels of monetary assistance that may be provided; rather, limitations are imposed only on the percentage of federal reimbursement that may be received. As is the case under the AFDC program, Congress relied on the fact that the states and localities contribute 50 percent of all EAF funding, and on the ordinary fiscal prudence of state and local governments, to contain emergency assistance costs. Accordingly, neither section 406(e) of the Act, 42 U.S.C. § 606(e), nor any other provision requires inclusion of a schedule of maximum assistance levels. For the reasons stated earlier, the Social Security Act prohibits the Secretary from imposing limitations on providing assistance that are more stringent than those contained in the Act, including maximum assistance schedules. Again, the Act affords states wide latitude in defining and providing for assistance to meet emergency needs. Blum v. Bacon, 457 U.S.

at 140-41.

Moreover, any limitation on emergency assistance levels would be impractical and unworkable. It is not possible to predict in all cases the maximum costs of furnishings, clothing, utilities, rent, food, and any of the myriad of other emergency needs that may be incurred. Costs of emergency assistance vary greatly depending upon location, family composition, and individual family circumstances. Indeed, this provision would effectively prevent states from meeting many emergency needs by limiting assistance to a pre-defined list of emergencies for which assistance would be provided.

Accordingly, the proposed requirement that states impose maximum emergency assistance levels should be withdrawn.

C. The Proposed Limitation On Length Of Time That Needs May Be Met Is Inconsistent With The Language Of The Social Security Act

The proposed limitation on length of time for which emergency needs may be met is inconsistent with section 406(e) of the Act, 42 U.S.C. § 606(e). Section 406(e) provides that emergency assistance may be furnished for a period of 30 days in any year in order to "avoid destitution of [a] child or to provide living arrangements in a home for such child . . . ." Nothing in section 406(e) limits payment under this provision solely to costs incurred during a 30-day period. To the contrary, payment under section 406(e) may be made for costs incurred before or after a 30-day period, provided that such assistance is furnished during this period. Thus, rent or utility costs that were incurred prior to a 30-day period may be paid to eligible families to avert an eviction or shut-off of utilities, provided that this assistance is furnished during one 30-day period within a year. Similarly, a security deposit and advance rent payments of one or more months to obtain permanent housing may be made for costs that will be incurred in future months, provided that these payments are authorized during a 30-day period.

The Secretary's interpretation of section 406(e) would undermine its purpose by restricting payment solely to costs incurred during a 30-day period, even if such payments would be insufficient to "avoid destitution" or "provide

living arrangements in a home." This could not have been the intent of Congress. For example, Congress could not have intended to restrict payment for utilities or rent to one month's arrears, even if payment of two months of arrears were necessary to avoid a shut-off of utilities or eviction. Any such limitation, of course, would fail to avert destitution and would likely increase homelessness.

Congress' intent is underscored by its recent prohibition on implementation of the Secretary's proposed rules. Correctly reflecting the original congressional intent, Congress recently permitted continued assistance under the EAF program provided that such assistance is authorized, and not merely incurred, during a single period of 30 consecutive days. 133 Cong. Rec. H12332 (Dec. 21, 1987) (directing continuation of current policies, which so require). Congress' understanding is likewise reflected in the Secretary's long-standing interpretation of the statute, under which reimbursement has always been authorized for costs incurred before or after the 30-day period. 45 C.F.R. § 233.120(b)(3) (1987). No circumstances warrant a change in this well-established interpretation.

Thus, the proposed limitations on reimbursement for costs incurred before and after the 30-day period would be unlawful.

III. Regulatory Impact and Flexibility Statements Are Required

Executive Order 12291 requires that the Secretary prepare a regulatory impact statement for any regulation having an annual effect on the economy of $100 million or more. A regulatory impact statement is clearly required here. In New York City alone, the proposed revisions may result in an annual loss of approximately $80 million in federal funding. The Secretary's contention that the revisions would have an annual impact nationwide of only $40 million is simply erroneous.

The Regulatory Flexibility Act requires preparation of a regulatory flexibility statement whenever proposed regulations will have a significant impact on a substantial number of small entities. 5 U.S.C. § 605(b). A regulatory flexibility statement is also clearly required here. As the Secretary concedes, the proposed revisions could "precipitously disrupt the activities of charitable organizations that may have engaged in significant capital

investments in order to provide shelter to homeless families." 52 Fed. Reg. at 47421.

* * * * *

No less so than when it was enacted during the Great Depression, the Social Security Act remains a bulwark against destitution and homelessness. The proposed revisions would undermine that noble purpose in this hour of desperate need for homeless children and their families. For the reasons set forth above, the proposed revisions to 45 C.F.R. §§ 233.20 and 233.120 should be withdrawn.

We hope that these comments prove helpful. We are available to meet with you in New York City or in Washington, D.C. to discuss these matters further. Please feel free to contact us if you require any further information.

Very truly yours,

Steven Banks

Steven Banks

Scott A. Rosenberg

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Ms. McCAIN. I lived in the Martinique Hotel for 4 years. I had four children with me. I was given money to go back and forth to take the children to school to keep them somewhat stabilized. I felt that was important.

Acting Chairman DOWNEY. Let me ask you some questions, if I can.

Where did you live originally before you came to the Martinique?

Ms. McCAIN. In Brooklyn.

Acting Chairman DOWNEY. How did you end up at the Martinique Hotel?

Ms. McCAIN. I was illegally evicted and I didn't know my rights, so I lost the apartment. I had no idea that I could go and get the police and have the door opened and, you know, regain my apartment. I was unaware of this. So I, in turn, ended up going to the Martinique Hotel.

Acting Chairman DOWNEY. And you have four other children?

Ms. McCAIN. Yes.

Acting Chairman DOWNEY. What are their ages?

Ms. McCAIN. Three other children. One is 14, a boy; a girl 12; and a girl 9. And my 12-year-old daughter, I think as a result of being in the same school, has been on the honor roll quite a few times, and she has managed to do very well in school throughout the entire experience. So I think it was because I insisted upon keeping them in the school because that's the only roots that we have. You know, we were uprooted from our home, put in the middle of Manhattan in a business district, and everything was real turmoil. So they stayed in the school and I came to school every day with them and while they were in school I would walk around and try to find an apartment. But I found that there was no way in the world I was going to find an apartment for the kind of money they were allowing me.

Acting Chairman DOWNEY. How did you afford your original apartment? Were you working?

Ms. McCAIN. I was paying money out of the food money that I was receiving. You know, the rent was more than the allowance, but I managed to pay the rent out of the food budget.

Acting Chairman DOWNEY. Where did your children go to school in Brooklyn?

Ms. McCAIN. They went to P.S. 181 in Flatbush, East Flatbush.

Acting Chairman DOWNEY. How long did it take you to get from the Martinique to the school every day?

Ms. McCAIN. About an hour to an hour and a half, depending on how the subways were running.

Acting Chairman DOWNEY. What time do the children have to be in school?

Ms. McCAIN. They had to be in school at 8:40.

Acting Chairman DOWNEY. What time did you leave the hotel to get there?

Ms. McCAIN. About a quarter to 7.

Acting Chairman DOWNEY. You would look for apartments in the neighborhood while they were in school?

Ms. McCAIN. Yes.

Acting Chairman DOWNEY. And collect them after school and bring them back to the hotel?

Ms. McCAIN. Exactly.

Acting Chairman DOWNEY. Did you provide them with some sort of food when you were in the hotel? Are you allowed to cook in the hotel?

Ms. McCAIN. No, we didn't have cooking facilities; so they would eat sandwiches or sometimes we would, you know, have soup and sandwich or we would go to the restaurant or whatever.

Acting Chairman DOWNEY. What efforts were made, independent of those that you took yourself, to find housing? Did somebody help you? Was there a social worker?

Ms. McCAIN. No. They had a van service, but you could only go out on the van if you had been there a certain amount of time, and when they send you out on the van they would take you to these apartments and show you, and 9 times out of 10 the apartments weren't adequate, the rooms were too small or there wasn't enough room. So if it wasn't suitable for you then somebody else would get it and you would still be waiting.

I also had an application in the housing authority; and they constantly told me that my priority wasn't high enough. I went to section 8 and got section 8, but I was unable to find anyone that would accept it, and the buildings that would accept it, the waiting list was two years long and the certificate only lasts 120 days.

Acting Chairman DOWNEY. So this whole process of searching for another place to live consumed 4 years of your life and that of your children.

How old are they? You said they were 12, 9, and——

Ms. McCAIN. 14.

Acting Chairman DOWNEY. Those are their current ages?

Ms. McCAIN. Yes.

Acting Chairman DOWNEY. From the ages of 10 to 14 your daughter and son were in school while you did this commuting?

Ms. McCAIN. Right.

Acting Chairman DOWNEY. What impact does living in a hotel have on them?

Ms. McCAIN. For my son, it caused him to deteriorate in school. He started doing very poorly. He started to act up. Like I said, my 12-year-old daughter became an honor student; she remained on an even level. It was really upsetting to my son. They couldn't go outside and play. I was afraid to let them out of my eyesight. They were just—whenever we left school and came back, they were right there in the room. There was no place to go. There was nothing to do. They were always there, and it was very upsetting for them because they couldn't, you know, they couldn't do anything but just sit.

Acting Chairman DOWNEY. How did you get out of the hotel?

Ms. McCAIN. I wound up going to the Henry Street Settlement. And they in turn have a housing coordinator who found me an EARP apartment one month after I was there.

Acting Chairman DOWNEY. How did you hear about the Henry Street Settlement?

Ms. McCAIN. I heard about it from a social worker at Bellevue Hospital.

Acting Chairman DOWNEY. Why were you in the hospital?

Ms. McCAIN. I was battered and I had to go to the hospital; I was hospitalized.

Acting Chairman DOWNEY. And somebody just happened to tell you, "Have you heard of the Henry Street Settlement"?

Ms. McCAIN. No. She was aware of the fact that I was trying to find someplace to live.

Acting Chairman DOWNEY. So she just told you?

Ms. McCAIN. She told me I should check this place out, and I did.

Acting Chairman DOWNEY. Had somebody told you about the Henry Street Settlement when you came to the Hotel Martinique, it is possible you would have spent just 1 or 2 months in the hotel as opposed to 4 years?

Ms. McCAIN. I believe so.

Acting Chairman DOWNEY. Are you currently separated from your husband or divorced?

Ms. McCAIN. We are not together. He is a batterer and I had him arrested, so it is just that.

Acting Chairman DOWNEY. And you are living where now?

Ms. McCAIN. I am living in Brooklyn, in Bedford Stuyvesant in a private house that is under the EARP program. When my lease is up in a year and a couple of months I am going to be back where I started from again. Due to the fact that this house is not under rent stabilization or anything, this man can raise the rent as high as $500 if he wants to, and I won't be able to pay that.

Acting Chairman DOWNEY. So the cycle could begin again?

Ms. McCAIN. Exactly.

Mr. RANGEL. Is your husband employed?

Ms. McCAIN. No. Not that I know of.

Mr. RANGEL. How long has he been a batterer?

Ms. McCAIN. Quite a few years; but it has just gotten really bad.

Mr. RANGEL. How long have you been on welfare?

Ms. McCAIN. Since my 14-year-old son.

Mr. RANGEL. Has he ever given any contributions at all to the welfare of you or the children?

Ms. McCAIN. No.

Mr. RANGEL. And your situation is really not that unique in terms of the fathers not providing assistance to their families, is it?

Ms. McCAIN. No, it isn't.

Mr. RANGEL. In talking with mothers who find themselves situated the way you do, do you find any flaws in the law which allow husbands and fathers not to assume any responsibility for their wives and their children?

Ms. McCAIN. I think it may be basically because they can't find them. If you can't find them you can't make them give anything, right? They don't have it.

Mr. RANGEL. If they have a lot of children I assume that from time to time they are found.

Ms. McCAIN. But if they don't have it and they are found, they can't give it either.

Mr. RANGEL. Excuse me?

Ms. McCAIN. If they are not working or anything when they are found, what are you going to do with them then?

Mr. RANGEL. Well, that is what I really don't know and am really asking as to what is the problem. In other words, what you

are saying is that it is not really flaws in the law, it is just that most of the husbands or most of the fathers are unemployed?

Ms. McCAIN. I would say so.

Acting Chairman DOWNEY. Ms. McCain, in your own words, how would you describe the 4 years you spent in this hotel? What did it do to you?

Ms. McCAIN. It was pure hell. I was unable to do anything but look for an apartment. I would like very much to go back to college and obtain my degree and become a teacher. I can't do that for the simple reason that I don't have the money to pay for day care. If I could put them into day care then I could go back to school. I don't really want to go out and get a job at this point because I don't think I'm going to get anywhere. I want my degree so that I can have a substantial job to take care of my family.

Acting Chairman DOWNEY. Thank you.

Mr. RANGEL. Do you believe that anything less than a college graduate would not be substantial?

Ms. McCAIN. Well, I wouldn't say that. I would just say that if you get a job, it does not make sense to me go and get a job just for the sake of making money when I will only be making as much as the welfare will give me when I can go to college, finish my college education, get my degree and there is plenty of room for advancement.

Mr. RANGEL. But if you did get a job that was making as much or more than what the welfare is giving you, would that make any sense at all?

Ms. McCAIN. Yes; it would.

See, if that was to happen I could always try to go to school at night. It would take a lot longer, but I could try it that way. It would be a lot faster in the day time and more beneficial, but I think it might be even harder to find someone to watch all four children at night than it would be to find somebody to put them into day care in the day time.

Acting Chairman DOWNEY. Do you have a mother and father?

Ms. McCAIN. My mother is alive.

Acting Chairman DOWNEY. Does she help?

Ms. McCAIN. No. She lives in the Bronx. She has a very bad heart problem.

Acting Chairman DOWNEY. What about the grandparents of your husband, are they of any help?

Ms. McCAIN. No.

Acting Chairman DOWNEY. Ms. McCain, is there anything else you want to say to the committee?

Ms. McCAIN. Well, the main issue to me is that the EARP is good in the sense that it gets you out of wherever you are at the time; it gives you an apartment. But what happens at the end of that 32 months when the lease is up, which will be the case soon? Then the rent goes up and you can't afford to pay it. It is a vicious cycle. You are going to end up right back where you started from. What is the sense of taking you out of that if they are just going to throw you back in there at the end of the 32 months?

Acting Chairman DOWNEY. Thank you.

STATEMENT OF C. WARREN MOSES, ASSISTANT EXECUTIVE DIRECTOR, CHILDREN'S AID SOCIETY

Mr. MOSES. Mr. Chairman, distinguished Congressmen from New York, I am delighted to be here and offer testimony on behalf of the Children's Aid Society.

I have submitted written testimony as well as substantial additional material on many services that the Children's Aid Society presently provides to homeless families in the city of New York, which I will briefly summarize. If you will bear with me, I would, however, like to quote from a press release of the Children's Aid Society issued, if you will listen carefully, in 1853.

"Homeless children have the same capacities, the same need of kind and good influences, and the same immortality as the little ones who reside in our own homes." In the release we further urged that citizens continue to recognize that these same homeless children, and I am quoting, "will soon form the great lower class of our society, they will influence elections, they may shape the policy of the city, they will assuredly if not unreclaimed poison the society all around us."

It truly is pay me now or pay me later on this problem. Either we find ways to adequately care for and nurture the children of our city, or we will have to care for them as they reach their majority in other, more expensive ways.

The Children's Aid Society has without interruption since 1853 served homeless children and families in this city; but of course in the last 5 years it has taken on a dramatic and new term. We presently offer in excess of $1 million worth of services to approximately 15 percent of the homeless families in the city. Most of our services are located in the midtown hotels, at the Latham, the Prince George, and also on Staten Island, the Conca Dora Motel. Our staff everyday deal with hundreds of their children and their families. I wish they all had the resiliency of this woman who has spent 4 years there and maintained, at least for some of her children, a high standard of education. Even so, the strongest families, after 6 to 9 months of living in a one-room hotel, cooking on a hot plate, turning over to a hotel owner every other week probably twice as much rent as they previously received for the full month, and look day after day for apartments, as Mr. Banks explained, that simply do not exist. These families suffer terrible, often irreversible damage the direct consequence of the emergency shelter that we are forced to provide.

We, however, know that simply changing regulations will not resolve this problem. 12,500 children will tonight sleep in one of these facilities and they must be cared for. We simply cannot divert everything to rehabilitation and new construction and ignore the needs of a generation which is one day at a time growing up in this environment.

The city of New York, as you know, has diverted some of its capital budget money for the purpose of rehabilitating in rem stock. The Children's Aid Society, with its partner, the Junior League of New York, is one of 27 organizations that are rehabilitating apartments in Central Harlem to provide a high standard transitional facility for the homeless. It is presently under construction, and I

hope to be here before the first of the year to let you know that it is open and invite you to our ground breaking. It is directly across the street from a multiservice community center, also operated by the Children's Aid Society, which includes some of the best recreational facilities in the community, health and dental facilities, mental health facilities, educational facilities. Perhaps, most importantly, teen pregnancy prevention and education programs that are designed to bring people to adulthood well equipped for independence in a wide variety of ways.

Mr. RANGEL. What addresses, Mr. Moses?

Mr. MOSES. This is on 118th Street between Lenox and Fifth, across from the Dunlevy Milbank Community Center.

This program represents a special opportunity for nonprofits to join with the city of New York who is paying for the vast majority of the reconstruction expense, but I shall hasten to add that reconstruction is not the most difficult part of the problem. The two most difficult pieces in the equation are, No. 1, to provide on-going subsidy so that the housing can be maintained over the long haul; and, secondly, to provide the services that the children and families need while in the transitional facility, similar to the Lavenberg Houses operated by the Henry Street Settlement.

Changes in Federal regulations could diminish those ongoing resources which are absolutely essential and which cannot be carried by private philanthropy.

I would also like to say that I think that the capital budget program has the opportunity for showing us some creative ways to build more transitional and permanent housing for the poorest of our citizens: First, the Federal Government cannot be permitted to abandon a 5-decade commitment to housing our poor citizens. Until that commitment is reestablished and construction programs are in place, there must be ways that Government can design to allow new entrepreneurs to renovate the in rem stock. They will need incentives of a substantial nature, and they will also need ongoing subsidy. No landlord, not a nonprofit one nor a private-sector one, can operate a building on $312 per unit; it is simply impossible.

Secondly, the diminishment of ongoing money for services will, if not provided, give us again the terrible opportunity of reaping a harvest of destroyed public housing, even if it is held by nonprofits or entrepreneurs that may own it at the conclusion of the in rem rehabilitation. I for one believe that such incentives can be created. They will not be inexpensive, but we are paying for this problem anyway. It is truly pay me now or pay me later, and we do in so many different ways. We have to look at the financing of this in a very broad way and recognize that the correctional system, the educational system, the foster care system, the protective service system, the preventive service programs, the home making programs are all adversely impacted by our inability to provide both services beginning with teen pregnancy programs and concrete assistance in the form of housing. As long as people are using their food money to pay the rent, we will have pressure building up behind the damn and in this city that pressure is considerable.

I will be happy to answer any questions you might have.

[The prepared statement follows:]

STATEMENT OF C. WARREN MOSES, ASSISTANT DIRECTOR, CHILDREN'S AID SOCIETY

Acting Chairman Downey, Chairman Moynihan, Ladies and Gentlemen, I am C. Warren Moses, Assistant Executive Director of The Children's Aid Society of New York.

The Children's Aid Society was founded in 1853 for the sole purpose of caring for homeless children in the City of New York. In our first press release issued May 20th, 1853, we urged the citizens of New York to recognize, and I quote, that, "Homeless children have the same capacities, the same need of kind and good influences and the same immortality as the little ones who reside in our own homes." We further urged the citizens to recognize that, "These same homeless children will soon form the great lower-class of our society, they will influence elections; they may shape the policy of the City; they will, assuredly if not unreclaimed, poison society all around them. They will help to form the great multitude of robbers, thieves and vagrants who are now such a burden upon the law respecting community"; this, Ladies and Gentlemen, was written in 1853. 135 years later, the City, State and Nation continue to be unable to adequately provide for the needs of our poorest citizens. As you have heard, there are presently over 5,000 homeless families living in the City of New York, mostly in the welfare hotels you have heard so much about.

For the last 4½ years, The Children's Aid Society has provided a wide-range of direct services within many of these hotels. These services have three broad objectives: Firstly, to ensure the sound health of all children in our charge. Secondly, to provide a range of afterschool, evening and weekend recreational programs designed to help children and their parents enjoy a modicum of family and community life. Thirdly, our programs for parents are designed to maximize their readiness to find permanent housing, to maintain that housing and to establish themselves permanently in new neighborhoods so that they do not return to the homeless system. Specifically, our hotel-based services include: a headstart/daycare program, afterschool programs for elementary school-aged children, evening recreational programs for teens, family recreational activities, special weekend programs, health clinics, dental clinics, mental health counseling services, parent workshops and educational and concrete services such as serving of holiday meals, special food supplements and distribution of clothing and toys. In addition, The Children's Aid Society has worked closely with the City of New York in identifying families ready to move intb renovated housing stock. The Society's role is to prepare the families for the move, prepare existing tenants in the building for the infusion of some homeless families into their dwelling, prepare service providers in the new community to receive the homeless families and to remain in those neighborhoods providing services to the homeless families until they are firmly established as permanent residents, well connected to required institutions and agencies.

Additionally, The Children's Aid Society, in partnership with the Junior League of New York has joined with the City of New York in a Capital Budget Project designed to renovate abandoned property currently owned by the City for use as transitional housing for homeless families. This program is specifically designed to renovate abandoned property, provide a substantial level of social services as well as housing for homeless families. Twenty-one projects are participating in this Capital Budget Project here in New York but much, much more needs to be done. Most importantly, this is precisely why emergency funds must be able to be used to renovate housing for homeless families. President Reagan said, "just build them a house." That's exactly what we need to do and we need to change the regulations that presently prevent emergency money from being spent on renovation and construction of permanent housing and social services for homeless families.

Milbank Houses will serve 34 families and is across the street from The Children's Aid Society's Dunlevy Milbank Center, a large multiservice and recreational facility. Combining housing and services in this way maximizes the opportunity for homeless families to stabilize themselves and reestablish family life.

As to why there is a growing class of homeless families in this City and in many others, the reasons are not mysterious. The present shelter allowance offered to a family of four in the City of New York is insufficient for the maintenance of any property within the five boroughs of New York. Landlords cannot afford to own these buildings. Even non-profit landlords cannot survive at this rent level and no new public housing is being built. The shelter allowance must be increased.

It cannot go without saying that we must do more than build housing on an emergency basis. Once housing is renovated and built for the homeless, adequate programs (including raising the shelter allowance) must be in place to ensure that these buildings do not, again, fall to disrepair and abandonment. The financial supports must be available to maintain the properties. Additionally, the services needed by these poor families must exist within the communities where housing is built or we will, once again, reap a harvest of destruction of housing by poor people.

Clearly, the problem of homelessness is an extremely expensive one. Long-lasting solutions will even be more so. Whether public dollars are best spent by expanding AFDC housing allowances, large scale building of public housing or providing subsidies to private owners is a technical question best left to others. However, everyday delayed, compounds the problem geometrically. Insufficient attention has been given to creating incentives for entrepreneurs who could either build or renovate housing. Programs of subsidized loans, tax relief ownership and ongoing subsidies to private owners housing our poorest citizens are important to solving this growing problem. It truly is, "pay me now or pay me much more later." We must invest wisely in those programs which move us toward permanent solutions to the problem of homelessness including social and preventive services combined with decent housing for the poor.

For fifty years or more, government at all levels has assumed responsibility for provision shelter to the poorest among us. It is essential that there be a Federal Housing policy to provide the housing and services so terribly needed by the poorest of our citizens. Clearly, government is paying dearly to support this population - it's essential that this money is spent wisely and in a cost-effective manner.

THE CAS HOMELESS PROGRAMS--A SUMMARY

The Children's Aid Society has been providing services to homeless children and their families living in welfare hotels since May 1984. As one of the few voluntary agencies providing direct services to this population, CAS' primary goal has been to create a "model program" which other agencies can replicate in whole or in part. Through an ongoing needs assessment process, the scope of services provided to these families has expanded as unmet needs were identified.

We have been able to observe marked improvement in many clients. Parents have enrolled in GED courses, resumed their place in the job market, become involved in counseling including alcohol education and rehabilitation programs, begun to be cognizant of family needs, received medical services, and secured permanent housing and aftercare services enabling them to be integrated into community settings.

While the projects have enabled us to observe improvement on many levels, it remains clear that services in a welfare hotel can in no way be a substitute for a family's speedy relocation to permanent housing. The cramped quarters with little or no privacy, inadequate cooking facilities, unsafe conditions and stigma attached to this living arrangement exacerbates in no small way, a family's ability to nurture and provide for their children.

It is equally clear that until affordable and available housing is provided, the role of caretaker during this transitional phase is a critical one that must be addressed by both the public and private sectors. For as long as families are placed in welfare hotels, our mandate to provide services to those children most in need must be upheld.

Background

Before homelessness became prominent in the news, The Children's Aid Society began to research the problem through its own case records. The record review made it apparent that the homeless population was no longer confined to "bag ladies" and teenage runaways; but now included many families with young children.

All intakes from the CAS Emergency Foster Boarding Home Units, that had been gathered over one year were read and exposed some salient features. These records identified housing (homelessness) as an issue that must be addressed. Consequently, CAS in conjunction with the Child Welfare League of America, embarked upon a research project federally funded by Health and Human Services, entitled "Homeless Young Children and their Families". The goals of this project were to identify the needs

of the homeless population and to design and implement a demonstration service delivery program.

The consolidation of the background information gathered, as well as the recognition of the extent of the problem (over 4,000 homeless families in New York City) effected the design of an 8 week service delivery program which was implemented in Summer, 1984. The intention of the design was twofold: to identify and describe the impact of hotel living, both emotionally and physically on the homeless child while heightening the parent's awareness of their child's needs; and to provide much needed recreation and concrete services to families.

The initial phase of services included: A Day Camp Program, designed to familiarize children with New York while providing them with a positive socialization experience; An Afterschool Program, located at a nearby public school which operated five (5) afternoons per week and provided youngsters with both educational and recreational activities; A Truancy Prevention Program which took the form of a "Hall Worker" who roused families in time to get children on the school bus; Medical and Dental Services which were provided to each child participating in the program, including follow-up and referrals. Parents groups were provided through a sub-contractual relationship with the Single Parent's Resource Center. These groups addressed both child and parent centered issues.

In addition, complete medical, educational and psychological assessments helped CAS to redesign future programs according to identified need.

Using the findings of this summer experience and continuing the needs assessment process, the scope of services provided to these families were further expanded as unmet needs were identified. One of the many results of this process has been site expansion. Three sites have been included in the project: the Hotel Latham in Manhattan, the Conca D'Oro in Staten Island and the most populated "welfare hotel" in New York, the Prince George Hotel.

As a new venture in service provision to homeless families, CAS has embarked upon direct provision of housing. CAS has been approved by both HPD and HRA to renovate housing located directly across the street from a CAS Community Center, thereby, guaranteeing the provision of appropriate aftercare services.

The Homeless Programs have been designed to provide comprehensive and intensive services to each family on all points of the continuum from "Hotel to Home".

The description of services that follows will take you through a day in the life of a family in a welfare hotel, highlighting the services provided and the cost of the service.

This "menu" format illustrating services and cost is being used to point out the need for comprehensive service provision, while recognizing that individual providers may be constrained by limited resources allowing them to provide only a portion of the services needed in a particular site.

I. Head Start Services

A. Head Start Model (3 - 5 year olds)

At 8:00 a.m., the parents with children from 3 - 5 years of age bring the youngsters to the Head Start Program. There are two - three hour sessions, meals are included.

The objective of the Head Start program is to counteract the effect of hotel living and promote the healthy development in 3 to 5 year old children of physical growth and the necessary attitudes and skills for later school learning. Because of the children's extremely deprived and fragmented lives caused by hotel living, the program is especially sensitive to their social-emotional needs. The staff emphasizes the importance of self-worth and attempts to provide a caring environment. Parents are actively engaged in all aspects of the program.

B. Home Based Infant Care Program

Families with infants 0 - 2 years old have scheduled appointments from 9:00 a.m. - 5:00 p.m., Monday thru Friday in the Home Based Infant Care Program.

A community health nurse and/or an infant teacher visits the assigned infant and mother in their hotel room for one hour twice a week at a time of the day that is mutually convenient. A two hour socialization group experience, consisting of six infants and mothers and two infant teachers are scheduled every other week at the hotel site. During the session for infants, a mothers' group meets for an hour with the psychologist/social worker/teacher/nurse/nutritionist depending on the topic of need or interest generated by the parents.

Twice-a-week hotel-room-based experiences with the infant teacher and/or nurse (occasionally the social or family worker) offers "hands-on" activities concerning preparation of food,

feeding, play, sleep activities for the infant. Mothers learn about the importance of holding the baby and talking to the baby during routine activities. The staff demonstrates how materials that they possess can be used or converted into appropriate playthings for their infants. Activities and programs are individually adapted to the parents' expressed needs as well as needs based on professional observations.

The annual cost of this Head Start and Infant Stimulation Program serving 80 children is $254,000. (Funded through a Federal Health and Human Services Grant which concludes on 6/30/87).

II. Medical Services

Parents whose children need medical care can bring them to the medical clinic located on the second floor of the hotel on any one of 3 afternoons per week.

A walk-in medical clinic operated by the CAS is located directly across the corridor from the two Head Start rooms. The clinic is staffed by a pediatric nurse practitioner and a pediatrician. Each child is provided with appropriate medical services.

Initially, a complete medical history is taken by interviewing the parent. Any available records of past medical care or pertinent educational records will be included.

Following this, a complete medical examination is performed by a P.N.P. including: vision screening, Bell-tone audiological screening, musenloskeletal examinations, gross neurological systems evaluations, height and weight, urinalysis and complete blood counts -- hemoglobin, hematocrit, sickle cell screening, FEP levels to screen for lead, and HGB electrophoresis where indicated. Also, tuberculin testing is done as a matter of course.

CAS is currently considering establishing a satellite dental clinic on-site in the hotel. Presently, referrals are made to the CAS dental clinic on East 45th Street.

The annual cost of medical services at the Prince George Hotel (450 families) is $66,000. (Private funding)

3. Intensive Care for Homeless Families

A full-time social worker has been assigned to six families in order to help them to obtain a maximum level of self-

sufficiency and non-dependency on the public sector.

In order to achieve these goals, an "Intensive Care Program" utilizes aggressive case management and advocacy within a manageable caseload. Areas requiring special emphasis include: locating permanent housing, employment, appropriate education, training in parenting, household management and nutrition and counseling.

The families meet weekly as a group to discuss their progress and the task at hand. They have, through this process, identified new sources of housing and are exploring the job market. Many of the children of the families in this program use the Afterschool Program to reduce the negative impact of hotel living.

The cost of the Intensive Care Program is $30,000. (Private Funding)

As children begin to return from school, the recreational programs operating on-site in the hotel ballroom at the Prince George Hotel begin.

4. The Afterschool/Camp Program - Prince George Hotel

The model Afterschool Program provides social, cultural, educational and recreational activities to the children and their families living in the Prince George Hotel.

Concurrent with the educational tutorial program, arts and crafts (including drama and music) are offered on a rotating schedule enabling the children to express themselves through many appropriate vehicles.

With the assistance of HRA, we have secured space on-site in the Prince George Hotel. This space is a renovated ballroom (cap. 300 persons) where mass recreational activities are conducted. Basketball leagues and clinics are conducted, utilizing portable basketball equipment. Ping pong, pocket billiards and nok-hockey is included in program.

This program serves hundreds of youngsters in the hotel ballroom every Monday through Friday, from 3:30 - 6:30 p.m. and on Saturdays.

As the school year came to a close, the program switched from the Afterschool program with primary "in-house" programming to a camp program replete with activities designed to give children, living in the Prince George Hotel, a broad experience of the total city.

For the 6 - 12 year olds, the camp day begins at 8:30 a.m. with breakfast. Each day, the campers are taken on bus trips to areas of interest in New York. On a typical day, the bus trips will include destinations such as: the Bronx Zoo, Coney Island, the Museum of National History and a visit to a Board of Education specialized creation program. Every Tuesday, the campers attend the children's play series sponsored by the Lincoln Center for the Performing Arts. Lunch is also provided every day.

The annual cost of the Afterschool/camp program is $150,000. (Human Resources Administration contracts which concludes 12/30/86).

5. The Teen Program - Prince George Hotel

The lack of services available to teens in the hotel became glaringly apparent as we become actively involved with families in the hotel. As the Afterschool program ends, the teen Program begins.

Teen Program provides the same quality programming to teens that was available to the younger children. The hours for the teen program are: Monday through Friday, from 7:00 - 10:00 p.m. In addition, there are special programs each weekend.

During this time, teens are provided with recreational activities, including basketball, ping pong, nok-hockey, special events. A tutoring program is well utilized.

During the summer months, the Teen Program operates from Monday through Friday, 1:00 - 10:00 p.m. The focus of the activity schedule is in familiarizing the teens with their city, and removing them from the destructive hotel environment. Activities for teens include: cook-outs at the state parks, visits to beaches (Jones Beach, Brighton Beach, Coney Island, etc.), movies, Bear Mountain outing, an action park adventure and evenings at the CAS' Dunlevy Milbank Community Center. Included in teen programming are: tennis lessons, dance lessons, swimming instructions, ice cream making, a fashion show in which teens and their parents "made and modeled" their own clothes.

The annual cost of this program is $56.000. (Funded through a Public/Private Match).

Programs vary from hotel to hotel. A pilot program in one hotel often becomes an established program in another.

6. Library Program - Latham Hotel/Prince George Hotel

An innovative library program was instituted at the Latham Hotel with the intent of familiarizing the children in the Hotel with their local library, and create a new and profitable avenue of entertainment for them. This program has been expanded to the Prince George Hotel.

Each child applies for and receives a library card and learns how to borrow books. In addition, the local library engages in educational activities with youngsters visiting the facility (i.e. mask making) and has been actively involved in the success of this program.

The annual cost of this program is $10,800 serving 50 youngsters. (Funded through Youth Bureau)

7. Family Dinner Program - Latham Hotel

The CAS' Rhinelander Center operates a family dinner program yearly from September through June for parents and their children who are living in the Latham Hotel. On Thursday evenings, 25 families are brought to the center to participate in a meal that they had helped to plan and prepare. The Junior League volunteers (see volunteers) actively participated in this program.

The unique nature of this program is that it focuses directly on the family as a whole, allowing parents and children to participate together in activities. Consequently, the family structure is strengthened and appropriate ways of interaction between family members are reinforced.

The annual cost of this program is $20,000 (Private Funding)

8. The Conca D'Oro Hotel - Staten Island

CAS' Goodhue Center located on Staten Island, has "adopted" the Conca D'Oro Hotel, and provides year-round services to the families and children living there. The Conca D'Oro Hotel is the major facility serving homeless families on Staten Island. This program currently includes a summer day camp, afterschool program, hot meal programs and medical services, serving 100 families and utilizes a local public school and the Goodhue facility, a complex of services located on 42 acres of land in Staten Island.

The annual cost of this service is $92,000 (Funded through Human Resources Administration grant which concludes 6/30/87)

9. Volunteer Component

The Children's Aid Society, in conjunction with the Junior League of the City of New York, has trained volunteers to work with families in the hotel preparing them for the transition to permanent housing. We have a cadre of 20 - 40 trained volunteers in the hotel programs. The response to this effort by the Junior League has been so great that they expect another 20 volunteers to sign up for the homeless programs in the fall.

The Marble Collegiate Church, located in 29th Street and 5th Avenue, around the corner from the hotel, enlisted the help of the CAS in organizing training and engaging over 60 volunteers.

These volunteers have chosen two avenues for the delivery of their services: one is to provide specialized sessions in the volunteer's particular area of expertise and the second is to participate in the weekend program and on trips as workers.

The annual cost of this program is $12,000. (Private Funding)

As initially stated, the CAS' services to homeless families provides the needed support from "Hotel to Home". In order to fulfill the second phase of this mission, an aftercare program has been developed.

10. The Aftercare Program

Inherent to the design and structure of the Aftercare program is the preparation of the parents and children for the move into permanent housing. The ultimate goal is to facilitate the family's integration into a new community and thereby prevent recidivism.

The CAS' previous program experience has indicated that the parents are in need of service after they have moved out of the Hotel and into permanent housing. The transition from hotel to home is often as traumatic as the experience of becoming homeless. Adjustment to apartment living is not an effortless process. Many of the expectations ("The problem will all end when I get housing") may not be met. Having been confined to one room, the family system has been altered in such a way as to require readjustment when more adequate space is available.

The Children's Aid Society along with the New York City Department of Housing Preservation and Development, Has designed and successfully implemented a Pilot Aftercare program. This program identifies, trains and follows families who are ready

and able to move into renovated apartments, consequently, dramatically increasing the client's ability to maintain an apartment.

HPD has given the project access to approximately 25 recently renovated apartments at 1325 Lafayette Avenue in the South Bronx. Families have been selected and have moved into these apartments. Each family "contracts" with the CAS for services and, through our alliance with a consortium of providers in the South Bronx, we have been able to deliver the needed services. We expect to continue this work and will expand this program to include families residing in the Prince George Hotel as additional renovated apartments are made available.

The cost of providing this service to 50 families is $81,000. (Private/CAS Funding)

11. Parent's Program

CAS in conjunction with The Single Parent's Resource Center, a non-profit agency, has chosen to replicate their successful parent's group project in the Prince George and Latham Hotels. Twenty-five parents will be recruited from each hotel to participate in one group session per week designed to raise each member's self-esteem, address the issues inherent to hotel living, improve parent/child interactions and prepare parents for the move to permanent housing. In addition, each hotel will have a part-time case manager whose mission it is to coordinate the parent's access to services and to promote participation in other CAS programs.

The annual cost of this service is $50,223.(Funded through Children's and Family Trust Fund N.Y.S.)

12. Special Events & Engagement Activities

In attempting to engage the families residing in the Hotel in the program, the CAS held a number of mass activities designed to introduce the agency to the entire hotel population.

Each child in the Afterschool Program has received an Afterschool sweatshirt, a winter coat and gloves.

The distribution of clothing is also used as an incentive to involve parents in the program. Our initial mass activity involving the families participating in this program was a Halloween Party, held on site in the Hotel ballroom. This party was organized through CAS's Coordination with an existing parents

group composed of parents currently residing in the hotel. Games and other recreational activities were organized for the children. The parents participated as organizers and group workers. At the end of the party, all children were given "trick or treat" bags, hot dogs and other snacks. The response to this party was excellent and consequently our program received an enthusiastic response.

On thanksgiving Day, we provided the traditional turkey dinner to 400 families living in the Prince George Hotel. For many of the families, this represented their only opportunity to share in this holiday.

During the Christmas season, a number of special events were held:

A Christmas Tree lighting, complete with carols, was held on the Sunday before Christmas, with an open invitation to the community to attend. We provided the tree and the decorations and the necessary technical assistance.

Christmas gifts were distributed to approximately 500 children and two parties were held: one for the infant care program members (gifts were distributed to both parents and children, including siblings) and one for the older children participating in program. The second party was held off-site and gifts were distributed to parents and siblings as well.

The annual cost of the special events were $30,000. (Private Funding)

13. Post-Hotel Support Services

The Human Resources Administration and Housing Preservation and Development have approved for renovation thirty-nine (39) units in three (3) buildings adjacent to The Children's Aid Society Dunlevy Milbank Childrens Center in Central Harlem.

These units will provide transitional housing to homeless families with a strong social service component provided by The Children's Aid Society. The anticipated cost of this project is $2.2 million, largely provided through public funding.

The annual cost of providing this post-hotel support service is $100,000 with funding secured through private sources.

MILBANK HOUSES
17-21 West 118th Street
New York, NY 10026

During the summer of 1985 The Children's Aid Society, in concert with The Junior League of New York, submitted a proposal to the Department of Housing Preservation and Development of the City of New York for a grant to enable them to acquire five lots (17-21 West 118th St.), to gut and reconstruct three old law tenements into transitional housing for homeless families and to manage and operate this dwelling for fifteen years. The reconstructed building will contain 34 apartments; 19 two bedrooms, 10 one bedrooms and 5 studio units.

A not-for-profit corporation was established in the State of New York, The Milbank Housing Development Fund Corporation, a membership corporation in which both organizations constituted the Board and after the sponsors were selected for a grant, plans were drawn by Roger C. Lewis of Rockville Centre, NY, a general contractor Baranello & Sons of Williston, NY, was selected by the sponsor and approved by the City, and on December 1, 1987 closing was effected and an evaporating mortgage of $3,164,161 was provided by the City of New York to the Corporation to bring its proposal to function.

During the course of negotiations The Children's Aid Society developed operating procedures required by the Department of Social Services of the State of New York. (Office of Shelter and Supported Housing). This operating manual describes a variety of enabling services to be offered to resident families, the staff who will provide them, the sponsor and Board who will oversee the project, the physical plant, the community, staff training and staffing patterns, admission procedures, resident rights and obligations, and compliance with all relevant state and local laws regulations and codes. This document serves, among other purposes, as a basis for funding the ongoing operations of the project and the provision of services described.

Demolition began on February 1, 1988 with occupancy expected by April of 1989.

Acting Chairman DOWNEY. You are about to be deluged.

Mr. RANGEL. Mr. Moses, the Children's Aid Society's reputation over the years is well known. What I have never known is why don't we find more of the organized churches involved in doing this type of work? Why is it that we find politicians struggling with the problem, and the Children's Aid Society struggling with it, but we just don't see the organized church jumping in as though children were a part of their spiritual responsibility?

Mr. MOSES. That is a question for which I have a great deal of sympathy.

Five years ago when we first moved into the Carter Hotel, which is now no longer used for homeless families, we believed and continue to that if each of our sister and brother organizations in this city would, in whatever measure they could, adopt a hotel, adopt 10 children from a hotel or do something, that it could go a long way to rescuing the children who are presently in that system. Some of us have picked up the mantle. There are several organizations providing services now, and 2 dozen which are also participating in the capital budget program. But if I might, I would like to use your question to highlight some of the problems that other nonprofit, educational and religious institutions find when faced with the choice to get involved in this kind of project: The legal complexities are horrendous. The Children's Aid Society has spent in excess of $40,000 in legal fees and we are still in construction. Many of these fees were paid to research the ongoing implications for the society in owning housing for poor people in a program that had no guaranteed assurance of ongoing support.

Mr. RANGEL. Why would that service not be rendered by the City of New York?

Mr. MOSES. You are talking about the social services within the hotels or——

Mr. RANGEL. No. I am talking about the housing developments of which you have assumed.

Mr. MOSES. Some of the legal fees are assumed by the City of New York.

Acting Chairman DOWNEY. The gentleman will suspend until there is order.

Mr. RANGEL. Mr. Moses?

Mr. MOSES. Individual organizations, many of them much smaller than Children's Aid Society, and not as old, have been frightened and reluctant of the possibility of owning housing stock, often adjacent to their church, which they would not be able to support should changes occur in public policy, which is the purpose of the hearing today. And even the venerable Children's Aid Society gets a chill down its spine when faced with the prospect of supporting a 34-unit project and 34 families for a generation to come without governmental assistance. I think they have been frightened.

Mr. BANKS. I should add that Catholic Charities have expended quite a bit of resources, and they are one of the organizations which would, as Mr. Moses says, be severely impacted by these regulations if they go forward. I think, in addition, they would be willing to develop some of the permanent housing auctions if these regulations were clarified, or I should say if the statute was clarified

to make moneys to be used for permanent housing the way that Congressman Weiss and Congressman Schumer have suggested.

Mr. RANGEL. Have you seen Catholic Charities or any other organizations indicate that if changes were made in the AFDC laws which would allow for capital for permanent housing, that they would assume some of the responsibility?

Mr. BANKS. Based upon my experiences with them and with other not-for-profit providers, as I said earlier, I think that the problem is so big that it is not a problem that can be addressed by those solutions.

The mayor, when he was here earlier, noted that over 4 years or 3½ years, 30,000 families have moved through the system. That is a tremendous number of families, and it points out that the real problem is permanent housing, as Mrs. McCain's situation really graphically illustrates.

Mr. RANGEL. I was talking about permanent housing.

Mr. BANKS. But I think, as I was going to add, I don't see in this city the not-for-profit resources to house 30,000 families over the course of 3½ years.

Mr. RANGEL. Well Mr. Moses shifted to not-for-profit, and I can understand the reluctancy of the smaller churches to adopt a building. But we have some large and powerful Christian and Jewish organizations in our city that I think could provide the support in order to move some of the city owned buildings.

Mr. MOSES. I can only speak for the Children's Aid Society. We are doing it; we would do more, but I think the anxiety that most organizations have, including the bigger ones, have to do less with the reconstruction costs and more with ongoing support, both in a service nature and in a cash nature.

I believe that if homeless families moving into such renovated apartments were provided with a shelter allowance that more closely approximates the cost of maintaining the building, that other organizations may very well step forward.

Mr. BANKS. You might see more private development as well, if that was in fact the case. You would also, perhaps, see more moneys being appropriated by localities to develop their own in rem stocks or city owned stocks, if that were the case.

Mr. RANGEL. Thank you.

Acting Chairman DOWNEY. Thank you, although I must tell you, Ms. McCain, Mr. Banks, 4 years in the Martinique Hotel does not sound like temporary shelter to me.

I want to thank the panel.

We are now honored to have before us the distinguished Governor from Massachusetts, Michael Dukakis.

STATEMENT OF HON. MICHAEL DUKAKIS, GOVERNOR, STATE OF MASSACHUSETTS

Governor DUKAKIS. Thank you very much, and may I express my thanks to you for what I thought was a terrific piece of work done in the House. Welfare reform is now being considered in the Senate, as you know. We are working very closely with Senator Moynihan and Senator Bentsen to see if we can move it through.

I wish I were more optimistic about the White House. As you may have heard, the Governors had their annual visit and the issue was raised again. And, as you know better than anybody, the proposal that you so ably carried through the House was a proposal of 50 Governors, 24 Republicans as well as 26 Democrats, all united behind one basic proposition, and that is the route out of poverty, especially to families on public assistance, is training, day care and a job at a decent wage. Why it is that the White House opposes this legislation is beyond me. It is not a partisan issue; it has the support of good Republicans as well as good Democrats, and I just want to say to you that we are all very grateful to you for your leadership. We are going to continue to work with you and Senator Bentsen in the Senate, whether or not the White House decides to support it, and if we don't get it this year we'll get it next year.

How is your wife?

Acting Chairman DOWNEY. Well, my wife is of Greek decent.

Governor DUKAKIS. I am aware of that, that's why I asked. I hope she is supporting her co-religionist.

Acting Chairman DOWNEY. I assure you all her relatives are.

Governor DUKAKIS. May I also, Mr. Chairman, before delivering a prepared statement, also say that I am very privileged to be before you and Congressman Rangel. As you know, Charlie has probably done more on the subject of the real war against drugs than anybody I know in the Congress. He was nice enough to come to Boston a few years ago when we were just putting the Governor's Alliance Against Drugs together, and you will be happy to know that 2 weeks ago I was able to report to the people of my State that we have made dramatic reductions in the use of drugs among junior high school and high school students in Massachusetts, Charlie, as a result of that commitment of early drug education, beginning in the early elementary grades, and the program of the alliance which we outlined to you. I just want you to know that your leadership and your help on that has been very helpful to us and we are making real progress.

Mr. RANGEL. Congratulations. It is good to hear good news for a change.

Governor DUKAKIS. There really is a significant difference and I think it really has everything to do with the fact that we are getting into communities. It is a permanent commitment and we are starting drug education intervention in the second, third and fourth grades, which is where it has to begin. If we wait until junior high school we are going to lose half of our kids.

I just came from a middle school in East Hartford, and Kitty and I had a chance to meet with a group of about 30 or 35 middle school and high school youngsters, and to no one's surprise, including your own, what those youngsters said to us is that lots and lots of kids are using and lots and lots of kids are abusing. That is where it has to begin. In the meantime if we can get some leadership in Washington that isn't doing business with drug running Panamanian dictators, funding aid to the Contras through convicted drug dealers, we will be able to say to our kids genuinely that we want them to stay away from drugs and the government will be an example and not the wrong kind of example.

Mr. Chairman, decent and affordable housing should be the birth right of every American. That has been the stated goal of American policy since Harry Truman first declared it in 1949, and I think it is significant that in that very year Robert Taft of all people, a very conservative Republican Senator from Ohio, was one of the principal cosponsors of the National Housing Act of 1949. Decent and affordable housing is not a partisan issue; it never has been in this country. Yet tonight, as all of us know, over 2 million of our fellow citizens will have no home in which to spend the night, and the greatest tragedy is that most of the homeless families are families with young children. Too many parents, many of them hard working, all of them hard pressed, are simply unable to afford a decent place to live. And all across this country youngsters are growing up in the streets, in automobiles or in temporary shelters, living from day to day with little or no hope for the future.

We need, you and I and all of us, and I think this means the vast majority of the American people, to send a message to Washington that we are not going to accept an America where some people prosper while others are left behind as the inevitable casualties of change. That we won't buy into the belief that Americans who are left behind deserve their hardship, and that we won't tolerate homelessness in the most affluent nation on the face of the Earth.

I don't believe there is any great mystery about why we are currently facing a crisis in homelessness. Under the Carter and Ford administrations, as both of you know, we were building or rehabilitating about 200,000 units of federally assisted housing for families of low and moderate income and the elderly every year. About 200,000 under President Ford, about the same under President Carter. We did not have a homelessness problem prior to 1981, certainly not of the magnitude that we are seeing now. Under the current administration, as both of you know, that number has now plummeted by 90 percent. We will be lucky to do 25,000 units of federally assisted housing for families of low and moderate income this year. At a time when need for affordable housing is greater than at any time since World War II, the Federal Government's role has declined to its lowest point since the 1930's.

In the past 8 years a sea change has occurred in the relationship between Federal, State, and local governments, when it comes to tackling the problems of economic and social change. States have valiantly stepped up where the Federal Government has stepped aside, with mayors and Governors and legislatures—as you know, Tom, because you work so closely with us on welfare reform—taking the lead on a host of important issues, including homelessness. Here in New York, Governor Cuomo was one of the first to seize the initiative. His homeless housing and assistance program was one of the first State sponsored programs to build permanent or transitional housing for the homeless. And in a nationally acclaimed creative new financing scheme, the profits from Battery Park City are providing the security for new low income housing construction, with 30 percent of them reserved as units for the homeless.

The building in the complex we are in this afternoon represents the best in this new approach to homelessness. H.E.L.P., Inc. has brought together developers, banks, the city, State agencies, archi-

tects and others in a joint effort to provide quality transitional housing and social services to homeless families. And it has produced housing at a substantially cheaper rate. If these families were to live in welfare hotels, they would have none of the dignity and the services that they have here at HELP-1.

In my own State, as I think both of you know, we have made homelessness and housing two of our top priorities. As a matter of fact, in 1983, in my inaugural address, I said that our single, most important priority was going to be to end the shame of homelessness in our State and to invest in permanent housing. To underscore that I asked my dear wife to be the chairman of my Advisory Committee on the Homeless. And Kitty has done an extraordinary job of chairing that effort, driving that effort, advocating for the homeless and for good housing.

We are working hard to provide emergency and support services for the homeless, and while we have invested substantial amounts of State and local money, AFDC and emergency assistance funds have been crucial to our work. As a matter of fact I have just proposed a $23 million package in my new budget which will be designed to prevent homelessness, to prevent homelessness before more thousands of families drop into the homeless net.

Since 1985, as a result of these efforts, we have placed over 5,000 homeless families in permanent housing, and we are investing hundreds of millions of dollars in State funds to build more than 8,000 units of low-income housing and to renovate and reclaim over 20,000 units of State and Federal housing. If I may, let me just add the complaint of a Governor, which I hope you will recognize and appreciate: My State is one of the few States in the Nation that invests in low-income housing, State funds, and I don't mean just through a State housing finance agency. We subsidize housing for families of low and moderate income, principally now in mixed income communities. But more of that in a second.

As all of you know, our existing public housing stock is running down. We have now been required to commit millions of dollars of State funds to rehabilitate Federal public housing because we aren't simply getting the resources from HUD to do that. We are going to do it, but what it means is that State funds that could otherwise be used to create new housing opportunities, now have to be devoted to upgrade Federal housing units in our cities and communities across the State. But today emergency assistance funds are making it possible for us to work with 32,000 families to prevent homelessness. They help us provide temporary shelter and service for another 4,000 families.

Five years ago we had two State funded homeless shelters in Massachusetts; today we have 80. This winter we were able to provide shelter for every single citizen in the Commonwealth who needed it. But the States cannot carry the ball alone, as you both know, and many lack the resources that we are fortunate to have in Massachusetts and New York. AFDC emergency assistance has played an important role in helping States to cope with the growing homeless problem, and we simply cannot tolerate new regulations that would mean thousands of more families living on our streets.

What we need in this country is a national partnership for affordable housing that will make decent and affordable housing the birth right of every American. We need national leadership that involves State and local governments. By the way, I think State and local governments ought to participate in this and ought to commit resources as part of that partnership. We have got to involve builders and developers, many of whom tell me that they would be delighted to go to work as part of a national housing partnership. Building trades unions, one of my bricklayers unions in Boston, has created its own nonprofit housing subsidiary with help from us and is now building housing for ownership for young families and first-time home buyers at a third less than the going rate, paying union scale and running, in effect, its own construction company and its own development company. Think of the amount of housing that we could produce in this country if all of the building trades unions or many of them were doing that, using the billions in union pension funds reliably and sensibly and providing housing for ownership for families of moderate income, and creating jobs for their members at the same time.

We have got to involve housing advocates, community action agencies, the whole range of institutions and groups that together make up the housing community in this country and all work together towards common goals. First, to expand homeless shelters and to commit ourselves to the goal that no one who seeks shelter should be turned away; second, to preserve the existing stock of low and moderate income housing that is now deteriorating badly—and I have already told you about our own problems in trying to do that—or is threatened by the exploration of use restrictions, something which you have been attempting to deal with in the Congress.

Third, to provide grants to State and local governments for housing partnerships all across America. I think this is an issue on which Governors and mayors would love to work with those of you in Washington. We are all in this. We all care very deeply about this. We are all creating our own partnerships in one way or another. Our State partnership may be more heavily developed than others, but I talk to Governors and mayors all the time these days who would love to work with you in a new administration to participate actively in this effort; local governments that have title to land that they are willing to donate; State governments that have property that is currently not being used. It could be used as a very important subsidy at no cost, to bring down the cost of the housing that we build.

Fourth, to broaden home ownership opportunities for young families and first-time home buyers, using Federal credit and savings mechanisms in cooperation with State initiative.

Fifth, to avoid the mistakes of the past—and I think this is very important, Mr. Chairman—by investing in mixed-income housing and small, scattered-site family housing. No more of this jamming of thousands of poor families in a high-rise project. It was a mistake, we know that now. And as you know, in many States, including my own, we are taking these projects and now transforming them, with substantial State assistance, into mixed income development. But we have had great success at providing thousands of

units of housing for families of low income within mixed income communities. It really does work. Generally speaking, we will require that 20 to 25 percent of the units be for low income, some for moderate and some at market rate, and it works, and it works spectacularly well I would strongly urge you to look at that as the way to avoid the kind of problems that we have had in large projects and do the job at the same time.

We are doing some family public housing, state financed family public housing, but never in units of more than 10 or 15 or 20, well designed, blended into the neighborhood. No more of the large projects which we have found really did not work very well.

Six, to insure equal housing access for all citizens by enforcing and strengthening our civil rights laws.

And, finally to make sure that State and local governments have the resources to meet the emergency needs of families that find themselves facing a housing crises. The kind of resources that AFDC and emergency assistance funds now provide.

Last year, as you know, because both of you were actively involved in this, in a bipartisan effort, Congress passed the Stewart B. McKinney Act, which was an important first step in the Federal State partnership on homelessness. And the Members of Congress who are here today and your colleagues deserve great credit for the success of that legislation. You will recall, however, that the President signed the McKinney Act at night, after the network news. An administration spokesperson said he did this to demonstrate his lack of enthusiasm for the bill. What a message to the decent and caring people of this Nation who are saddened and ashamed that some of their fellow citizens do not have a roof over their head.

In 10 months we will reach a turning point in American history. We must not let the legacy of the past 7 years clamp a ceiling on our vision. We must not permit ourselves to succumb to shrunken ambitions. This country is better than that. We didn't have a homelessness problem under the last Democratic President and we are not going to have one under the next Democratic President. Millions of Americans who have been left behind these past 8 years represent the next American frontier. Their plight is our business and their dignity is our challenge.

The time has come for us to work together to bring a measure of decency to the 2 million of our fellow citizens who are today homeless in America. The time has come for us to resolve that the next time the head of a Russian State comes to Washington, he will not see people sleeping in parks and on streets and on sidewalks within blocks of the White House. The time has come for us to declare once and for all that shares in the American dream are not something that you buy and sell on Wall Street. They are the birth right of every citizen, no matter who they are or where they come from or the color of their skin.

I will be happy to respond to any questions you have. We have been making real progress in my own State, but as you know, even there we are fighting rapidly escalating costs, Mr. Chairman, so even a very, very substantial investment of State resources is barely keeping up with demand. I hope we can stop the administration from making our job even more difficult. We don't need more regulations at this point, we need a lot more support.

Acting Chairman DOWNEY. Governor, that is our first problem, preventing Mr. Stanton from implementing a regulation that everyone who has testified this afternoon has indicated will only put more people on the street, not solve any problems.

We understand how busy you are. We appreciate your coming and testifying today. This is outstanding testimony. Rather than ask you a question about the Dukakis administration's commitment to affordable housing, I will let this statement speak eloquently for that proposition, that that is something that you hold deeply, as do we, that this has got to be an American priority.

Let me ask you just one simple question, Governor: You mentioned that the scattered site approach which you have used in Massachusetts has worked well. Mayor Koch testified today that one of the principal problems we have in New York is the location of these facilities in places that inevitably engenders community opposition. That makes it very, very difficult. How have you been able to overcome that problem in Massachusetts?

Governor DUKAKIS. By investing most of our resources, Tom, in mixed income housing.

Let me give you an example, one of hundreds: An old high school in the city of Boston, no longer needed as a school. Old schools, as I think you know, are wonderful opportunities for rehabilitation.

Acting Chairman DOWNEY. Sure.

Governor DUKAKIS. High ceilings, large windows, lots of light. With help from what we call our sharp program, which was an attempt to substitute for section 8 to provide a shallow subsidy for mixed-income housing, and with section 8 certificates that fortunately were available, we got a private developer to rehabilitate that high school into 75 lovely units, 20 percent of which, about 19, are allocated for low-income families. There are today 19 very happy, well housed low-income families, a number of them, by the way, ET mothers who were going through our training program, and either have or soon will be working at a job with good wages. There are also some moderate income units that rent in the $300 to $400 range, and there are some market rentals. There are units in that apartment now that rent for $900. All of these families are living together in harmony. There is no segregation of welfare or poor families in that housing. There is only one problem, 200 people with section 8 certificates showed up, and we could only house 19 of them. You know how few section 8 certificates you get.

Acting Chairman DOWNEY. Sure.

Governor DUKAKIS. I could show you other examples of this. We have been very, very successful going way back to the midsixties when I served on a special commission on low-income housing in the State legislature that first recommended mixed-income housing at a time when people were very skeptical. How are you going to get people to pay $900 and $150 in the same building? It works. It works well. And that is the way I think you can avoid some of the community unhappiness.

In those cases where we do small, scattered family housing, we now make it a condition for that community's qualifying for State elderly housing that they do some family housing.

Acting Chairman DOWNEY. Yes.

Governor DUKAKIS. Everybody wants to do elderly housing—with good reason, we have a strong State elderly housing program. So there is a ratio of family units to elderly units that communities expect to observe and these days now, with the cost of housing, we find less opposition to small, scattered site, well designed housing. We are talking 10 or 15 units, not even talking 100 units; 10 or 15 units carefully blended into a neighborhood that in effect creates a kind of mixed income community within that neighborhood. I wouldn't do any more than that.

Acting Chairman DOWNEY. Would you envision in a Dukakis administration a major effort then in affordable housing similar to section 8 or would you think of something else?

Governor DUKAKIS. Well, the Cranston-Rouse Taskforce, which I think you probably are familiar with, led by Senator Cranston and Jim Rouse, is beginning now to develop its recommendations. Amy Anthony, who is my secretary of communities and development, my key housing person, is on that taskforce. Under the leadership of Senator Cranston they will be coming up with what I think will be a program that is well worth your looking at very carefully. It is balanced. It recognizes that there are certain fiscal realities. I think they are talking about a level of construction of about 150,000 units a year, with a very strong involvement by State and local governments; some block grants to States for their own partnerships. It looks to me like it is going to be a very thoughtful and affordable set of recommendations, and we have worked very closely with them. So we would be happy to work with you on that. I think they are going to be going public with those recommendations sometime in the next month or two.

Obviously the housing bill that you did pass and that the present Congress signed is at least a modest step, at least we have a housing bill. But as you know, with the exception of a few innovations, it was pretty much a reauthorization of what we had. We need a lot more than that.

Acting Chairman DOWNEY. We also appreciate that. When you are at the White House, quiz the President directly on this question of the welfare bill. We have a little saying that we don't want to pass anything he wants to sign and he doesn't want to sign anything we pass.

Governor DUKAKIS. We heard about the California experiment for the fourth or fifth time and we didn't get a very positive reaction.

I would hope, Tom, that the Senate would go ahead and move on this legislation. Obviously I am anxious to do whatever I can. We'll put it on his desk. Maybe he will sign it at 8:00 at night after the network news, I don't know.

Acting Chairman DOWNEY. Under any case, the issue would be joined for the election.

Charlie?

Mr. RANGEL. Governor, let me thank you for bringing the positive achievements that you have had in Massachusetts to the national campaign. Now you come from a high employment, high tech State, and I don't think there is anything to compare with the partnership between the private sector and the educational system. How do you see on the national level the relationship between

homelessness and joblessness and lack of skills and ability to pay reasonable rates?

Governor DUKAKIS. They are obviously very closely linked. Although, the lack of affordable housing is now beginning to make families homeless who are working and earning, and that really is serious, particularly here in the northeast where the price of housing is so high and we simply haven't kept pace with demand.

The fundamental economic fact of the matter is that you cannot produce housing for families of low and moderate income without some public contribution. That is just a matter of housing economics.

Mr. RANGEL. One thing is abundantly clear and that is that the voters find even the idea of talking about taxes just repugnant to any candidate that discusses it, and we would need the leadership where the American people would believe that whatever taxes they have to pay is a national priority. How do you see performing what basically is an educational function? Because as of now, for 7 years, the taxpayer has been allowed to believe that you don't need any additional revenues.

Governor DUKAKIS. The welfare reform bill is a good example. Try as we have, we cannot get the administration to understand that this is a way to help hundreds of thousands of families lift themselves out of poverty and reduce the Federal deficit at the same time. We estimate that we are now saving, in our State alone, about $120 million a year, after the expenses of the ET program as a result of the success of that effort to provide employment and training for mostly single mothers on public assistance and their kids. It is a money saver. It is a deficit reducer. Yes, you have to put some money up front; the bill recognizes that. But it costs us about $4,000 on average a placement, to provide the training and support that a welfare mother needs to get the skills she needs to find a good job, at starting wages, on average, of $13,500 a year. That is the start coming off of welfare. It's not a king's ransom, but it is a heck of a lot better than welfare.

Now, if for $4,000 on average you can help a family to get off of welfare permanently, that is a money saver. And if one State alone estimates that it is saving $120 million a year after the expense of the programs, suppose we were doing this in 50 States? And other States, as you know, are doing it as well: California, Illinois, Delaware, New Jersey, a number of States, New York. So it is not a question of finding more taxes for the welfare reform bill, it is making the commitment up front to save money.

Now it will take some money, Charlie, no question about it. It is going to take some money to build or rehabilitate housing for families of low or moderate income. I am not telling either of you anything you don't know because you have both been leaders in the effort to make some sense out of the Federal budget. But the President's new budget recommends $6 billion for Star Wars and MX missiles on railroad cars. Well, we have to make some choices in this country. Is it going to be Star Wars and MX missiles on railroad cars or is it going to be decent, affordable housing for families? It is as simple as that.

We have to spend money so we can help our kids stay away from drugs. Is it going to be, what is it, a 3-hour space plane from Wash-

ington to Tokyo we are spending money on? Or is it going to be some emergency assistance for families. These are the choices that have to be made.

I do not have any doubt as to where the American people stand on this. Increasingly—and I think we are seeing this during the course of the campaign—they are questioning more and more what we are doing, what choices we are making. That is one of the reasons why this election is so important.

Mr. RANGEL. Thank you, Governor.

Acting Chairman DOWNEY. Thank you, Governor.

The hearing is adjourned.

[Whereupon, the hearing was adjourned.]

[Submissions for the record follow:]

WRITTEN STATEMENT OF THE

AMERICAN PUBLIC WELFARE ASSOCIATION

THE AMERICAN PUBLIC WELFARE ASSOCIATION (APWA) IS SUBMITTING THE FOLLOWING WRITTEN STATEMENT FOR INCLUSION IN THE PRINTED RECORD OF THE MARCH 29, 1988 JOINT FIELD HEARING OF THE SENATE FINANCE SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY AND THE HOUSE WAYS AND MEANS SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION ON "THE USE OF AFDC FUNDS FOR HOMELESS FAMILIES." APWA IS A BIPARTISAN NONPROFIT ASSOCIATION REPRESENTING THE 50 STATE HUMAN SERVICE DEPARTMENTS, 800 LOCAL WELFARE AGENCIES, AND 6,000 INDIVIDUALS, MANY OF WHOM WORK IN THE PUBLIC HUMAN SERVICES.

APWA AND THE STATE AND LOCAL HUMAN SERVICE ADMINISTRATORS ARE PLEASED THAT THE SUBCOMMITTEES ARE CONDUCTING THIS IMPORTANT HEARING ON THE USE OF AFDC FUNDS FOR HOMELESS FAMILIES. THE HEARING IS A DIRECT AND TIMELY RESPONSE TO THE GROWING PROBLEM OF HOMELESSNESS ACROSS AMERICA, AND THE RECENTLY PROPOSED REGULATIONS THAT WOULD RESTRICT THE USE OF AFDC FUNDS TO MEET EMERGENCY AND SPECIAL NEEDS OF POOR HOMELESS FAMILIES. THIS STATEMENT FOCUSES ON THE IMPACT THE PROPOSED REGULATIONS WOULD HAVE ON THE STATES' ABILITY TO MEET THE REQUIREMENTS OF FAMILIES WITH EMERGENCY AND SPECIAL NEEDS, AND THE APPROPRIATE ROLE FOR THE AFDC PROGRAM IN RESPONDING TO THESE NEEDS.

UNDER CURRENT LAW AND REGULATIONS, STATES MAY OPERATE AN EMERGENCY ASSISTANCE PROGRAM FOR NEEDY FAMILIES WITH CHILDREN (WHETHER OR NOT THEY ARE ELIGIBLE FOR AFDC) IF THE ASSISTANCE PROVIDED IS NECESSARY TO PREVENT THE DESTITUTION OF THE CHILD OR TO PROVIDE LIVING ARRANGEMENTS IN A HOME FOR THE CHILD. THE LAW PROVIDES 50 PERCENT FEDERAL MATCHING FUNDS FOR EMERGENCY ASSISTANCE FURNISHED FOR A PERIOD NOT IN EXCESS OF 30 DAYS IN ANY 12-MONTH PERIOD. REGULATIONS STATE THAT FEDERAL MATCHING FUNDS ARE AVAILABLE FOR EMERGENCY ASSISTANCE AUTHORIZED AND PAID BY THE STATE DURING ONE PERIOD OF 30 CONSECUTIVE DAYS IN ANY 12 CONSECUTIVE MONTHS, INCLUDING AMOUNTS TO COVER NEEDS THAT AROSE BEFORE THE 30-DAY PERIOD AND NEEDS THAT EXTEND BEYOND THE 30-DAY PERIOD. STATES HAVE FLEXIBILITY TO DETERMINE BOTH THE LEVEL AND TIME PERIOD COVERED BY EMERGENCY ASSISTANCE. CURRENTLY 28 STATES HAVE AN EMERGENCY ASSISTANCE PROGRAM. STATES OFTEN USE THESE FUNDS AS PREVENTIVE MEASURES TO ASSIST FAMILIES WITH SHORT-TERM CRISIS SITUATIONS SUCH AS EVICTIONS, UTILITY SHUT-OFFS, AND TO AVOID HOMELESSNESS. MEETING THESE EMERGENCY NEEDS OFTEN PREVENTS LONGER-TERM DEPENDENCY.

THE AFDC PROGRAM ALLOWS STATES TO INCLUDE IN THEIR STANDARD OF NEED PROVISIONS FOR MEETING "SPECIAL NEEDS" OF AFDC RECIPIENTS. STATES MUST SPECIFY IN THEIR STATE PLANS THE TYPES OF SPECIAL NEEDS THAT CAN BE MET AND THE CIRCUMSTANCES UNDER WHICH PAYMENTS CAN BE MADE. CURRENTLY 36 STATES INCLUDE SPECIAL NEED ALLOWANCES IN THEIR STANDARD OF NEED INCLUDING SHELTER ALLOWANCES, TRAINING EXPENSES, SPECIAL DIETS, AND CHILD CARE.

AS YOU ARE AWARE, THE FAMILY SUPPORT ADMINISTRATION OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON DECEMBER 14, 1987, ISSUED PROPOSED REGULATIONS THAT WOULD SEVERELY LIMIT FEDERAL FINANCIAL PARTICIPATION TO STATES UNDER THE EMERGENCY ASSISTANCE (EA) PROGRAM AND SPECIAL NEED ALLOWANCES IN THE AFDC PROGRAM. APWA BELIEVES THAT IF THE PROPOSED REGULATIONS ARE IMPLEMENTED, MANY STATES WOULD NO LONGER BE ABLE TO MEET SPECIAL NEEDS OR PROVIDE EMERGENCY ASSISTANCE FOR POOR FAMILIES BECAUSE THE REGULATIONS WOULD:

1) PROHIBIT STATES FROM PROVIDING MULTIPLE SHELTER ALLOWANCESAND SPECIAL NEED ALLOWANCES TO RECIPIENTS;

2) LIMIT EMERGENCY ASSISTANCE PROGRAM PAYMENTS TO MEET EMERGENCY NEEDS TO ONE PERIOD OF NO MORE THAN THIRTY (30) DAYS, IN TWELVE CONSECUTIVE MONTHS; AND

3) REQUIRE STATES TO SPECIFY, SUBJECT TO FEDERAL APPROVAL, THE MAXIMUM AMOUNT OF ASSISTANCE TO BE PROVIDED FOR EACH TYPE OF EMERGENCY.

CLEARLY, CONGRESS IS ALSO CONCERNED ABOUT THE IMPACT OF THE PROPOSED REGULATIONS. THE OMNIBUS BUDGET RECONCILIATION ACT OF 1987 (P.L. 100-203) INCLUDES A PROVISION THAT ESSENTIALLY PLACES A MORATORIUM ON THE PROMULGATION OF THE REGULATIONS TO ALLOW CONGRESS AN OPPORTUNITY TO REVIEW THE USE OF THE AFDC PROGRAM FUNDS TO MEET EMERGENCY AND SPECIAL NEEDS OF POOR PEOPLE. WE COMMEND CONGRESS FOR IMPOSING THE MORATORIUM ON THE ISSUANCE OF THE PROPOSED REGULATIONS, AND THE SUBCOMMITTEES FOR CONVENING THIS HEARING EARLY IN THE SECOND SESSION OF THE 100TH CONGRESS IN ORDER TO ADDRESS THE ISSUE.

NEWS OF THE PROPOSED REGULATIONS FIRST SURFACED IN AUGUST 1987. A DRAFT COPY OF THE REGULATIONS, AND THE PROPOSED REGULATIONS AS PUBLISHED DEC. 14, 1987, WERE CLEARLY DIRECTED AT NEW YORK STATE AND OTHER STATES THAT PROVIDE MULTIPLE SHELTER ALLOWANCES BASED ON THE TYPE OF HOUSING OBTAINED BY WELFARE RECIPIENTS, OR PROVIDE EMERGENCY ASSISTANCE PAYMENTS FOR NEEDS THAT EXTEND BEYOND 30 DAYS. IT IS ALSO CLEAR THAT THE PROPOSED REGULATIONS WOULD HAVE A SEVERE ADVERSE IMPACT ON THE ABILITY OF OTHER STATES TO MEET THE EMERGENCY AND SPECIAL NEEDS OF POOR PEOPLE THROUGH THE USE OF THESE FUNDS.

THE PROPOSED REGULATIONS WERE A MAJOR ITEM OF DISCUSSION AT A MEETING OF THE NATIONAL COUNCIL OF STATE HUMAN SERVICE ADMINISTRATORS (NCSHSA) OF APWA, SEPT. 15-16, 1987. AT THAT MEETING THE NCSHSA UNANIMOUSLY APPROVED A RESOLUTION OPPOSING THE PROPOSED RESTRICTIONS, URGING THE FAMILY SUPPORT ADMINISTRATION TO IMMEDIATELY WITHDRAW THE REGULATIONS, AND PLEDGING TO WORK WITH CONGRESS AND THE ADMINISTRATION TO EXPLORE OTHER OPTIONS TO RESOLVE THE PROBLEM. THE FULL TEXT OF THAT RESOLUTION FOLLOWS.

RESOLUTION ON PROPOSED REGULATIONS ON
EMERGENCY ASSISTANCE AND SPECIAL NEEDS

WHEREAS, THE NATIONAL COUNCIL OF STATE HUMAN SERVICES ADMINISTRATORS (NCSHSA) RECOGNIZES THE GROWING PROBLEM OF HOMELESS FAMILIES AND INDIVIDUALS, AND THE SPECIAL NEEDS OF LOW-INCOME PEOPLE IN THE UNITED STATES; AND

WHEREAS, THE NCSHSA RECOGNIZES THAT IT IS A RESPONSIBILITY OF GOVERNMENT AT ALL LEVELS AS WELL AS THE PRIVATE-SECTOR TO HELP ADDRESS THE NEEDS OF HOMELESS FAMILIES AND INDIVIDUALS, AND THE SPECIAL NEEDS OF LOW-INCOME PEOPLE; AND

WHEREAS, THERE IS A GROWING SHORTAGE OF ADEQUATE HOUSING, ESPECIALLY IN URBAN AREAS, FOR LOW-INCOME PEOPLE; AND

WHEREAS, THE FEDERAL GOVERNMENT HAS CONTRIBUTED TO THE GROWING PROBLEM OF HOMELESSNESS DUE TO DIMINISHING FEDERAL SUPPORT FOR LOW-INCOME PEOPLE; AND

WHEREAS, THE FAMILY SUPPORT ADMINISTRATION OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES HAS SENT PROPOSED REGULATIONS TO THE OFFICE OF MANAGEMENT AND BUDGET THAT WOULD WITHDRAW FEDERAL FINANCIAL SUPPORT FOR THE EMERGENCY ASSISTANCE PROGRAM AND SPECIAL NEEDS BY:

1) NOT ALLOWING STATES TO PROVIDE SIMULTANEOUS MULTIPLE SHELTER ALLOWANCES OR SPECIAL NEED ALLOWANCES TO RECIPIENTS UNDER TITLE I, IV-A, X, XIV, AND XVI (AABD) OF THE SOCIAL SECURITY ACT BASED ON THE TYPE OF HOUSING IN WHICH THEY RESIDE;

2) CHANGING EMERGENCY ASSISTANCE PROGRAM REGULATIONS TO PROHIBIT FEDERAL REIMBURSEMENTS FOR ASSISTANCE BEYOND THIRTY (30) CONSECUTIVE DAYS IN ANY TWELVE (12) MONTH PERIOD; AND

3) REQUIRING STATES TO SPECIFY THE MAXIMUM AMOUNT OF ASSISTANCE PROVIDED FOR EACH TYPE OF EMERGENCY.

THEREFORE BE IT RESOLVED, THAT THE NCSHSA OPPOSES THE FAMILY SUPPORT ADMINISTRATION'S RESTRICTIONS ON THE EMERGENCY ASSISTANCE PROGRAM AND TO MEET THE SPECIAL NEEDS OF LOW-INCOME INDIVIDUALS AND FAMILIES AND URGES THE FAMILY SUPPORT ADMINISTRATION TO IMMEDIATELY WITHDRAW THE PROPOSED REGULATIONS.

THE NCSHSA BELIEVES THAT OTHER OPTIONS MUST BE EXPLORED TO BEST MEET THE NEEDS OF HOMELESS FAMILIES AND INDIVIDUALS AND OTHERS WITH SPECIAL NEEDS. THE NCSHSA PLEDGES TO WORK WITH CONGRESS AND THE ADMINISTRATION TO RESOLVE THIS GROWING PROBLEM IN A MANNER THAT IS BOTH FISCALLY RESPONSIBLE AND EQUITABLE TO LOW-INCOME PEOPLE, AND GOVERNMENT AT ALL LEVELS.

UNANIMOUSLY APPROVED BY NCSHSA
SEPTEMBER 16, 1987

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IN ORDER TO DETERMINE MORE PRECISELY THE POTENTIAL IMPACT OF THE PROPOSED REGULATIONS ON STATE EMERGENCY ASSISTANCE PROGRAMS AND THE USE OF SPECIAL NEED ALLOWANCES, APWA CONDUCTED A SURVEY OF THE STATES IN SEPTEMBER, 1987. FORTY-THREE STATES RESPONDED TO THE SURVEY. MOST OF THESE STATES INDICATED THAT THE REGULATIONS WOULD ADVERSELY AFFECT THEIR EMERGENCY ASSISTANCE AND/OR SPECIAL NEED ALLOWANCES PROGRAMS.

AN ANALYSIS OF THE SURVEY RESPONSES REVEALS THAT 23 STATES BELIEVE THAT THE DRAFT REGULATIONS WOULD HAVE AN ADVERSE FISCAL IMPACT ON THEIR PROGRAMS AND THEREFORE THEIR ABILITY TO MEET EMERGENCY AND SPECIAL NEEDS OF POOR FAMILIES. THE TOTAL FEDERAL FINANCIAL LOSS TO THESE STATES IS ESTIMATED TO BE AT LEAST $166 MILLION FOR THE CURRENT FISCAL YEAR. OTHER STATES HAVE INDICATED THAT THEY BELIEVE THAT THEY WOULD BE ADVERSELY AFFECTED BUT CANNOT DETERMINE THE PRECISE IMPACT.

SUMMARY OF SURVEY RESULTS

1) STATE REPORTING SPECIFIC ADVERSE FISCAL IMPACT OF DRAFT REGULATIONS ON EMERGENCY ASSISTANCE PROGRAM

STATES	AMOUNT
DELAWARE	$200,000
DISTRICT OF COLUMBIA	$5 MILLION
KANSAS	$194,000
MAINE	$223,000
MARYLAND	$1.5 MILLION
MASSACHUSETTS	$12 MILLION
MONTANA	$100,000
NEW JERSEY	$7.1 MILLION
NEW YORK	$13 MILLION
OHIO	$1.08 MILLION
VERMONT	$60,000
WYOMING	$865,440

TOTAL # OF STATES	TOTAL ADVERSE FISCAL IMPACT
12	$41.332 MILLION

2) STATES REPORTING NEGATIVE IMPACT OF DRAFT REGULATIONS ON EMERGENCY ASSISTANCE PROGRAM BUT UNCERTAIN OF PRECISE FISCAL IMPACT.

STATE	IMPACT
CALIFORNIA	YES, COULD JEOPARDIZE NEW PROGRAM FOR HOMELESS.
HAWAII	COULD EFFECT PROGRAM EXPANSION.
ILLINOIS	YES, COULD EFFECT EMERGENCY SHELTER.
MINNESOTA	YES, COULD BE MILLIONS.
NEBRASKA	YES, COULD LEAD TO INCREASE IN HOMELESSNESS.
OKLAHOMA	YES, UNKNOWN.
OREGON	YES, UNKNOWN.
PENNSYLVANIA	YES, MINIMAL.
VIRGINIA	YES, UNKNOWN.

# OF STATES	IMPACT
10	COULD EFFECT PROGRAM EXPANSION, INCREASE HOMELESS.

3) STATES REPORTING ADVERSE FISCAL IMPACT OF DRAFT REGULATIONS ON SPECIAL NEEDS ALLOWANCES

STATE	AMOUNT
CALIFORNIA	$38 MILLION
CONNECTICUT	$5.5 MILLION
MASSACHUSETTS	$13.75 MILLION
NEW YORK	$68 MILLION

TOTAL # OF STATES	TOTAL ADVERSE FISCAL IMPACT
4	$125.25 MILLION

4) TOTAL NUMBER OF STATES REPORTING ADVERSE IMPACT OF DRAFT REGULATIONS ON EMERGENCY ASSISTANCE PROGRAM AND/OR SPECIAL NEEDS ALLOWANCES--23.

5) TOTAL ADVERSE FISCAL IMPACT--AT LEAST $166,582,000 IN CURRENT FISCAL YEAR.

6) OTHER STATES EXPRESSING CONCERN ABOUT DRAFT REGULATIONS:

STATE	COMMENT
ARIZONA	DETRIMENTAL TO PLANNED PROGRAM
KENTUCKY	OPPOSED TO REGULATIONS; REDUCES STATE FLEXIBILITY
NEW HAMPSHIRE	WOULD RESTRICT PROGRAM FLEXIBILITY
NORTH DAKOTA	POSSIBLE HARM IF EXTENDED BEYOND HOUSING
TENNESSEE	SETS PRECEDENT FOR "REGULATION BY WHIM" DICTATING NATIONAL STANDARDS
UTAH	LEADS TO INCREASED RESTRICTIONS

IT IS CLEAR FROM THE SURVEY RESULTS THAT THE PROPOSED REGULATIONS WOULD ADVERSELY IMPACT THE ABILITY OF MANY STATES TO MEET THE EMERGENCY AND SPECIAL NEEDS OF POOR FAMILIES.

THE PROPOSED REGULATIONS INDICATED THAT THE ANNUAL FEDERAL SAVINGS FROM THE REGULATORY CHANGES ARE ESTIMATED TO BE UP TO ONLY $40 MILLION PER YEAR. THE SURVEY RESULTS, HOWEVER, INDICATE THAT THE PROPOSED REGULATIONS WOULD HAVE AN OFFSETTING ADVERSE IMPACT FAR EXCEEDING THESE "SAVINGS." CLEARLY, MANY STATES WOULD BE FORCED TO SEVERELY RESTRICT THEIR EMERGENCY ASSISTANCE PROGRAM AND SPECIAL NEED ALLOWANCES IF THE REGULATIONS GO INTO EFFECT.

IT SHOULD ALSO BE STRESSED THAT THE PROPOSED REGULATIONS WOULD NOT ONLY SEVERELY RESTRICT SOME STATES' ABILITY TO ASSIST IN MEETING THE NEEDS OF HOMELESS FAMILIES, BUT WOULD ALSO INHIBIT STATES FROM USING EMERGENCY ASSISTANCE AND SPECIAL NEED ALLOWANCE FUNDS FOR PREVENTIVE MEASURES, THEREBY RESULTING IN AN INCREASE IN THE NUMBER OF HOMELESS FAMILIES.

APWA ALSO REVIEWED COMMENTS ON THE PROPOSED REGULATIONS SUBMITTED TO THE FAMILY SUPPORT ADMINISTRATION. A TOTAL OF 30 STATE HUMAN SERVICE DEPARTMENTS SUBMITTED WRITTEN COMMENTS ON THE PROPOSED REGULATIONS. ALL 30 STATES OPPOSED THE REGULATIONS IN WHOLE OR IN PART, AND URGED THEIR RECONSIDERATION OR WITHDRAWAL. A SUMMARY OF THE COMMENTS FOLLOWS:

- THE REGULATIONS STATE THAT OTHER FEDERAL RESOURCES ARE AVAILABLE TO MEET THE NEEDS OF HOMELESS FAMILIES AND OTHERS WITH EMERGENCIES OR SPECIAL NEEDS, YET CUTS IN FEDERAL ASSISTANCE TO LOW-INCOME FAMILIES IS A MAJOR CAUSES OF HOMELESSNESS. OTHER RESOURCES SUCH AS HOUSING ASSISTANCE, THE LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM, THE COMMUNITY SERVICES BLOCK GRANT AND OTHER PROGRAMS HAVE SUFFERED SEVERE BUDGET CUTS IN RECENT YEARS, AND ARE NOT AVAILABLE TO MEET THE INCREASE IN DEMAND FOR ASSISTANCE.

- LIMITING THE USE OF EMERGENCY ASSISTANCE AND SPECIAL NEED ALLOWANCES WOULD END THE PREVENTIVE USES OF THESE FUNDS LEADING TO EVICTIONS AND INCREASES IN HOMELESSNESS.

- THE REGULATIONS WOULD LIMIT STATE FLEXIBILITY IN MEETING EMERGENCY AND SPECIAL NEEDS, AND VIOLATE THE CONGRESSIONAL INTENT OF THE PROGRAM.

- STATES DO NOT HAVE THE RESOURCES TO MEET THE EMERGENCY AND SPECIAL NEEDS OF HOMELESS FAMILIES WITHOUT FEDERAL SUPPORT. THE REGULATIONS WOULD IMPOSE GREATER HARDSHIP ON THOSE FAMILIES IN THE GREATEST NEED OF ASSISTANCE.

- CONTRARY TO THE SUMMARY STATEMENT OF THE PROPOSED REGULATIONS, STATES HAVE NOT MADE INAPPROPRIATE USE OF SPECIAL NEED ALLOWANCES OR EMERGENCY ASSISTANCE PROGRAM FUNDS. THE INCREASED USE OF THESE PROGRAM FUNDS IN RECENT YEARS INDICATES INCREASED NEEDS, AND THE FAILURE OF OTHER PROGRAMS TO ADDRESS THE GROWING PROBLEM OF HOMELESSNESS, NOT AN ABUSE OF THESE FUNDS.

APWA IS CONCERNED ABOUT THE MANNER IN WHICH THE PROPOSED REGULATIONS WERE DEVELOPED AND ISSUED. THERE WAS NO CONSULTATION WITH STATES OR CONGRESS AND, IN FACT, NO REAL UNDERSTANDING OF THE DIFFICULTIES THESE CHANGES WOULD CAUSE. IF IMPLEMENTED, STATES WOULD HAVE HAD NO TIME TO PROJECT THE POTENTIAL IMPACT OF THE CHANGES AND NO TIME TO PLAN FOR IMPLEMENTATION. THE REGULATIONS WOULD RESTRICT, AND IN SOME CASE TERMINATE, FEDERAL FINANCIAL ASSISTANCE TO STATES TO MEET THE EMERGENCY AND SPECIAL NEEDS OF POOR PEOPLE. MANY STATES HAVE UTILIZED THESE FUNDS FOR MANY YEARS AS PREVENTIVE MEASURES AND TO HELP MEET THE EVER-INCREASING NEEDS OF HOMELESS FAMILIES, AND THEY DO NOT HAVE ANY ALTERNATIVE FEDERAL, STATE, LOCAL, OR PRIVATE RESOURCES AVAILABLE TO REPLACE THESE FUNDS. IMPLEMENTATION OF THE REGULATIONS WOULD, THEREFORE, CAUSE EXTREME HARDSHIP TO THE VERY INDIVIDUALS MOST IN NEED OF ASSISTANCE.

THE PROPOSED REGULATIONS WOULD ALSO SET A DANGEROUS PRECEDENT BY IMPOSING FEDERAL RESTRICTIONS ON STATE AFDC STANDARDS OF NEED AND PAYMENT LEVELS WITHOUT A CONGRESSIONAL MANDATE. WE BELIEVE THAT THE PROPOSED RESTRICTION OF EMERGENCY ASSISTANCE PROGRAM PAYMENTS TO THOSE COSTS INCURRED WITHIN A 30-DAY PERIOD IS AN EXTRAORDINARILY NARROW INTERPRETATION OF THE STATUTE AND CERTAINLY AN ERRORNEOUS INTERPRETATION OF CONGRESSIONAL INTENT. WE QUESTION THE DEPARTMENT'S AUTHORITY TO IMPLEMENT SUCH CHANGES.

APWA BELIEVES THAT THE PROPOSED REGULATIONS SHOULD BE WITHDRAWN. CONGRESS SHOULD TAKE STEPS TO ASSURE THE CONTINUATION OF CURRENT POLICY AND PRACTICE IN THE USE OF EMERGENCY ASSISTANCE AND SPECIAL NEED ALLOWANCES. THIS WILL, WE BELIEVE, REQUIRE AN AMENDMENT TO THE STATUTE TO CLARIFY THAT EMERGENCY ASSISTANCE PAYMENTS CAN BE USED TO MEET NEEDS EXTENDING BEYOND A 30-DAY LIMIT, AND THAT STATES SHOULD HAVE FLEXIBILITY TO TAILOR THE EMERGENCY ASSISTANCE PROGRAM AND SPECIAL NEED ALLOWANCES TO MEET THE NEEDS OF POOR FAMILIES AND THE ECONOMIC CONDITIONS OF THE STATE. LIMITING THESE PROGRAMS, AS THE PROPOSED REGULATIONS WOULD DO, WOULD ONLY FURTHER RESTRICT THE ABILITY OF STATES TO ASSIST IN MEETING THE NEED OF HOMELESS FAMILIES AND OTHERS FACING EMERGENCIES.

IGNORING THE TRAGIC PLIGHT OF THE GROWING NUMBERS OF HOMELESS FAMILIES BY DENYING THEM EMERGENCY ASSISTANCE AND RESOURCES TO MEET THEIR SPECIAL NEEDS IS A SHORT-SIGHTED POLICY THAT WILL INCREASE THE NUMBERS WHO ARE HOMELESS. LIMITING THIS IMPORTANT PREVENTATIVE PROGRAM IS PENNY-WISE AND DOLLAR-FOOLISH. THE COST, BOTH FISCAL AND HUMAN, FAR OUTWEIGH THE GAINS. WE LOOK FORWARD TO CONTINUING TO WORK WITH YOU, OTHER MEMBERS OF CONGRESS, AND THE ADMINISTRATION TO EXPLORE ALTERNATIVES FOR PROVIDING ASSISTANCE TO POOR FAMILIES, AND TO DEVELOP LONG-TERM SOLUTIONS TO THE PROBLEMS OF HOMELESS FAMILIES.

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CATHOLIC SOCIAL MINISTRIES

ARCHDIOCESE OF OKLAHOMA CITY

MEMO

TO: Senate Finance Committee on Social Security and Family Policy and House Ways and Means Subcommittee on Public Assistance and Unemployment Compensation for March 28 Field Hearing in N.Y.C.

FROM: Archdiocese of Oklahoma City

RE: Statement Re Role of AFDC in Responding to Needs of Homeless Families

DATE: March 15, 1988

Homelessness is the most degrading fact for human persons in our society. The loss of dignity to persons who have families and cannot provide a home for them is beyond comprehension. The AFDC program can respond to the needs of these families and statutes must be changed to allow it to do so.

The single most important change needed in the AFDC statute is to include benefits to unemployed parents. Many states, including to our disgrace, Oklahoma, do not allow benefits to unemployed parents. This discrimination inevitably leads to tragedy including homelessness.

The second needed change is an increase in benefits to make it possible for families to pay rent and utilities. If the federal government is going to continue withdrawing from low cost housing programs, scarcity of housing will make rent even higher and out of reach of AFDC families.

A third change is one which would allow recipients to earn higher incomes before AFDC benefits are cut. This change would also allow persons to pay the even higher rent and utility rates in scarce housing.

Fourth, meaningful job training programs for those who wish to participate would lead persons eventually off the welfare rolls. Presently proposed legislation, especially in the Senate, include punitive and underfunded proposals which will defeat the goal which might be accomplished through training.

Thank you for your consideration.

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CITIZENS' COMMITTEE FOR CHILDREN OF NEW YORK INC.
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March 30, 1988

Mr. Robert Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth Office Building
Washington, D.C. 20515

Dear Mr. Leonard:

The Citizens' Committee for Children of New York (CCC) is a member organization of the Emergency Alliance for Homeless Families and Children and lends its full support to that coalition's testimony. CCC, too, is opposed to the proposed changes in the AFDC program which would curtail funding for homeless families.

** Enclosed please find a copy of the testimony submitted by the Emergency Alliance. I sincerely hope that the position of both CCC and the Emergency Alliance is strongly considered by the Committee.

Sincerely,

Bernard C. Fisher
Executive Director

**SEE TESTIMONY SUBMITTED BY EMERGENCY ALLIANCE FOR HOMELESS FAMILIES AND CHILDREN.

STATEMENT OF DEHON HOUSE

JOINT FIELD HEARING ON THE USE OF AFDC FUNDS FOR HOMELESS FAMILIES

This statement is submitted on behalf of the Co-Directors of Dehon House; we are a transitional shelter for homeless families and individuals located on the north side of Chicago. Our facility is called "transitional" because we accept people only after a phone and face-to-face intake procedure and because our residents may stay as long as two to three months as they prepare to find permanent housing and re-establish themselves in the community. Although our residents may have received temporary emergency assistance from other agencies, they usually arrive on our doorstep at ground zero, requiring not only housing but also food, clothing, and other basic necessities of life.

In Chicago, only one emergency shelter is designated as the recipient of AFDC emergency funds. Families do not receive any emergency funds themselves; the per diem is given directly to the emergency shelter and families have to separately apply for ongoing AFDC assistance. The length of time a family can stay in the emergency shelter is normally limited to two weeks, even though the family's first AFDC check may be weeks away. These "emergency grants" of AFDC funds are used to keep people in a holding pattern, until they can be moved on to programs such as ours, or until the family disappears back into street life. During a resident's stay in an emergency shelter, she or he receives little assistance other than food and shelter. Counseling, budget management, and other assistance that would help a resident re-establish herself and her family is normally deferred until a person is in a transitional program. Unfortunately, all transitional programs turn away thousands of people per year, and some families are never able to get beyond this initial stage of emergency assistance.

In our experience, homelessness is only one of the presenting problems of our residents. Usually their lives are in emotional, economic, and physical turmoil. In addition to requiring shelter, our residents often need to completely restructure their lives. Their homelessness may be the culmination of a long downward spiral of personal tragedies and difficulties. They are penniless, in emotional turmoil and confusion and often have serious or chronic medical problems that have been long-neglected. Parents and children have lacked a normal home life and need to re-establish their family interactions in an environment free of the panic and chaos that have characterized their lives on the street.

Because of the present pattern of emergency assistance funding, many families never recover. We are now seeing some young families whose children are the third generation to be in shelter. Families who have the potential to recover a stable life outside the shelter system never have a chance: They go from shelter to mission to shelter, occasionally living with relatives until they wear out their welcomes, and then returning to emergency housing.

The emotional cost of such a life style is high: Parents caught in this system seldom feel that they are truly authority figures to their children, since they can make so few decisions in regard to the family's future: It is the shelter operator, the caseworker, and other outsiders who ultimately determine where the family will live and how the family will live. Parents may respond with physical or emotional abuse to their children, which is symptomatic of the frustration and anger the parents feel. Or, the parents may sink into a passive despair that is not helpful or reassuring to a frightened child. A youngster raised in such an atmosphere will inevitably have problems in school and with their peers. They change schools frequently, have a high rate of truancy (both voluntary and involuntary), and are not motivated to ongoing educational achievement.

Inevitably, however, chronic homelessness is not only costly to individual families, but also to American society as a whole. All of us pay the cost for emergency shelter, casework services, high risk pregnancies, truant officers, and other social and governmental services that the homeless rely on or require. We are funding a system that keeps millions of people in despair and in check, but does not pull them out of poverty and improve their chaotic lifestyles.

At Dehon House our program is designed to give our residents maximum opportunities to re-establish themselves. During their stay at Dehon House, residents take cooperative responsibility for the running of the house, cooking, cleaning, and maintaining a positive atmosphere for each other. We have striven to create an environment that allows residents to take positive action to find employment, housing, and pursue educational opportunities for themselves and for their children.

While people reside in our house, we provide food, shelter, and other necessities. We require that residents save almost all of their wages or assistance checks so that when they move on they will have sufficient funds to re-establish themselves. We spend a great deal of our time and energy collecting donations of household furniture and other items that residents can have when they leave. We believe that it is useless to house people for a limited time if we do not allow them a way out of the homeless cycle.

This "way out" is what we believe is lacking in the present emergency assistance system. Although it may be cheaper in the short run to fund a system of emergency shelters, in the long run the federal government is maintaining a vast underclass that will remain homeless and helpless as long as programs to re-establish families are given a low priority and underfunded.

We hope this joint committee will look beyond the quick fix to long-term solutions. Emergency housing means little to families whose emergencies never stop. The present federal funding patterns for emergency assistance are preserving, not solving the problem of long-term homelessness. Our families need a way out, not a stopgap in their present predicament.

Submitted by: Dehon House
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EMERGENCY ALLIANCE FOR HOMELESS FAMILIES AND CHILDREN
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Testimony of the
Emergency Alliance for Homeless Families and Children

Before the House Subcommittee on Public Assistance and
Unemployment Compensation, Committee on Ways and Means
and
The Senate Subcommittee on Social Security and
Family Policy, Committee on Finance

March 28, 1988

The Emergency Alliance for Homeless Families and Children represents a consortium of over one hundred citywide organizations in New York City that have since 1985 advocated on behalf of homeless families. Our membership includes service providers to the homeless, other advocates and sponsors of housing. The leaders of the Alliance are two former New York City Administrators of the Human Resources Administration. Because homelessness has reached epidemic proportions not only in New York City but throughout the nation, we take this opportunity to provide testimony of our opposition to the proposed changes in the AFDC program which would curtail funds to homeless families.

The escalation of the homeless crisis in recent years is primarily a consequence of the federal government's abdication from subsidizing housing for low income households. In 1981, the federal government funded housing programs at a level of $30.8 billion. In 1987 President Reagan proposed a $2.3 billion funding level; $7.8 billion was approved by Congress.

States have helped homeless people survive by utilizing the AFDC program which currently provides funds to shelter homeless families. Housing the homeless in welfare hotels and barrack-style shelters is not the best alternative to decent, subsidized housing. However, in the absence of federal aid to house the poor, states and localities have tried to address the need to shelter the homeless, and New York City has recently published a plan to provide decent and cost effective temporary housing as one way of combating the low-income housing shortage.

The federal AFDC statute establishes poverty as a national problem and directs government to responsibly meet the needs of the poor. This statute should remain untouched. To curtail AFDC payments which have thus far allowed localities to shelter their homeless will cause further hardship to this country's disadvantaged, a population that has suffered tremendously under our current federal administration.

Perhaps a more appropriate response to concerns of spending federal funds on welfare hotels is for Congress to require that states monitor the shelter systems of their localities. Congress can require that states set standards for shelters and enforce compliance with these regulations, in order to receive funding from the federal government for sheltering homeless families.

Alleviating some of the hardship that accompanies one's homelessness can and should be addressed by the AFDC program. However, the federal government can do much to prevent such deprivation from touching the lives of thousands more innocent men, women and children. The HUD budget must be increased so that states and localities can again produce housing which is affordable to their low-income population.

The AFDC statute should also be amended to require the provision for rent which correlates to the HUD fair market rent levels. The buying power of most welfare families is severely limited in a tight housing market. Increasing the shelter allowance would enable public assistance households to rent housing in the private sector. Current public assistance levels provide only enough payment for the most substandard housing the market has to offer, or none at all.

Surely the needs of our nation's poor go beyond the availability of decent and affordable housing. An amendment to the AFDC statute should require AFDC benefits to meet the federal poverty level in order to maintain a decent standard of living with regard to all of life's basic necessities, especially housing. Government must no longer compromise the essentials; a home, a good education, job training, day care, employment, nutrition and health programs. And certainly these essentials must not be compromised for the purposes of balancing the budget or giving tax breaks to society's affluent. Spending on constructive and preventive social programs is comparatively little when compared to the alternative of spending on increased corrections programs and hospital care.

In closing, we welcome the Committees' inquiry into the ways in which the homeless are sheltered. We caution, however, that no locality should be punished for what might appear to be an inappropriate use of AFDC funds to shelter the homeless. The wrong lies with the federal government's neglect in providing subsidized housing for the poor. As stated earlier, New York City has agreed to develop a temporary housing system that provides families with decent accommodations. These same shelters will provide communities with permanent housing resources when temporary housing is no longer needed. New York City's Five Year Plan reflects coordinated efforts of both the private and public sector. Neither entity can be expected to address the needs of this population alone, as the problem is too great. Plans to improve the lives of the homeless should be encouraged, not thwarted by callous recommendations to curtail funding for worthwhile projects.

GEORGIA HOMELESS RESOURCE NETWOk
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March 30, 1988

Mr. Robert J. Leonard, Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, D.C. 20515

RE: Joint Hearing on the Use of AFDC Funds for Homeless Families

Dear Mr. Leonard:

The following comments are submitted by the Georgia Homeless Resource Network, a statewide organization of providers of services to the homeless, advocates for the homeless, and other persons interested in the issue of homelessness in Georgia and in the nation.

We wish to comment on two aspects of the AFDC program in Georgia which especially bear upon the problem of homelessness in our state. These are the inadequacy of the grant amounts and the inadequate coverage of the program as a whole.

1. Inadequate grant amounts

In Georgia, families receive approximately 70% of the state's Standard of Need. This means that a family of three receives a maximum of $236 per month, if AFDC is their only income. Families who have earned income or child support income may receive slightly more. The Standard of Need itself was last raised in 1969; increases in the cost of living since then have not been acknowledged by the state. The inadequacy of AFDC benefits was recognized by Georgia's Special Study Committee on the Problems of the Homeless in Georgia, which was commissioned in the spring of 1987 by the Governor and General Assembly. In its December 1987 report, the Study Committee observed:

> Inadequate public assistance is yet another cause of homelessness. A 1987 survey found that approximately 64 percent of the homeless women and children in Atlanta shelters were receiving [AFDC] at the time they became homeless, but the grants were not enough to meet the basic needs of those families.

Many AFDC families which have not yet ended up in shelters or on the streets are forced to double up with friends and families in overcrowded homes, or to move from "pillar to post", or even to find shelter in cars, because of the inadequacy of their grants. Paying benefits at the level set in Georgia leads not only to homelessness, but to disrespect for the law and to other evils, since in order to meet the other 30% of the recognized need, families are often forced to resort to illegal or immoral means. Surely this was not, and is not, the intent of the AFDC program.

One solution would be to establish a nationwide standard of need, with allowances to be added for shelter, food and other necessities, depending on the family's individual needs and the local situation. That is, if a family is able to find shelter in public housing, a smaller allowance would be needed. But if no public housing were available, a greater housing allowance would be required.

Another approach would be to mandate that states set standards of need according to the poverty level figures for their areas. Under any scenario, states should not be allowed to continue to pay less than the acknowledged standard of need.

2. Inadequacy of coverage of the program

Georgia does not have a statewide Emergency Assistance program. Nor does it have a statewide general assistance program. In the few Georgia counties which do have general assistance, it often carries eligibility criteria which are so stringent as to make the program beyond the reach of most needy persons. Congress should mandate an emergency assistance program and share the costs at a level comparable to the general AFDC program.

Georgia also does not fund the AFDC-UP program. Thus, many families continue to break up in order that some members may survive. The working parent - usually the father - must abandon his family, and in many cases this results in both the family and the father on the street. Congress should mandate state inclusion of AFDC-UP in the AFDC program.

Overall, Congress should minimize the number of state options or waivers which, in Georgia, have in general allowed the state to exclude persons from the program.

Although we do not have a "long-range" solution to the problem of homeless, an additional comment in this regard may be helpful. The AFDC program does not do much to assist the "working poor" family. Even a single parent household, if the

adult works full time at minimum wage, is not eligible for AFDC in Georgia. It is well known, of course, that full-time work at minimum wage does not even approach the poverty line. This will continue to be the case until the minimum wage is raised. Congress should raise the minimum wage, and further provide some assistance to "working poor" families who may not have full-time jobs even at minimum wage.

Leaving the AFDC program to take a job is a scary proposition for a single parent. She risks the insecurity of a low-wage job knowing that if the job ends, she faces up to 45 days before she may receive another public assistance check. She faces the problems of inadequate or unavailable child care, and, particularly in rural areas, transportation to and from her job. Medical benefits for herself and her family are at risk without mandatory AFDC-related Medicaid. Particularly for a parent with small children, or children with medical problems, this risk may be too great. Congress has made improvements in recent years in the availability of medical assistance for families making the transition from AFDC to work, but more needs to be done. We urge you to give even greater attention to the problems of getting families back into the workforce without forcing them to risk the security of their families.

Thank you for the opportunity to present these comments, and we look forward to a favorable result from your deliberations.

Very truly yours,

Paddy Kennington /pk

Paddy Kennington

Jimmy Samuels /pk

Jimmy Samuels
Co-chairs, Georgia Homeless
Resource Network

HENRY STREET SETTLEMENT

Executive Offices
265 HENRY STREET NEW YORK, N.Y. 10002 766-9200

March 30, 1988

STATEMENT BY:

Daniel Kronenfeld
Executive Director
HENRY STREET SETTLEMENT
Phone: 212/766-9200

I am writing as the Executive Director of the Henry Street Settlement and also as someone who has personally directed the operations of a shelter for homeless families for 13 years in New York from 1972 to 1985. In relation to the recently published draft regulations by Health and Human Services re the homeless, I very strongly urge that the agency not move forward in the direction that the regulations lay out.

Most people who have worked with the homeless agree that the welfare hotels should not be the place where the homeless are housed. The decision to cut off aid after 30 days because the City of New York is using hotels, does not take into account the fact that the City is moving towards elimination of the need to use these facilities. If, in fact, there is a commitment to house all homeless families, one must use what is available while moving towards a more humane and effective solution. The enforcement of a 30-day limit on EAF funds would also increase homelessness by making it more difficult to pay for rent and electricity arrears. This would lead to more evictions and increased homelessness.

Many non-profit agencies who want to set up alternative housing arrangements for the homeless, have been frightened off by these proposed changes in the regulations. The proposed regulations, whether intended or not, have created an atmosphere which will discourage non-profit agencies and financial institutions from undertaking projects which would alleviate problems of homelessness. HHS comments about existing housing programs as the solution for homelessness is fine in theory, except that they are unrealistic for New York City, which currently has huge waiting lists for public and other subsidized housing.

The regulations insistence that there be one standard of rent for both transitional and permanent housing would only work if rent levels were set at the current high cost of sheltering homeless families. These costs include the necessary social services which many of these families need. More importantly, of course, is the housing market place in a City which does not have adequate permanent housing for the poor at this time in its history. Until this occurs, it would be impossible to operate under one standard for "rent", whether it be for permanent or transitional housing.

This is a time for the Federal government to take more responsibility for housing the poor and the homeless. The proposed regulations seem to do neither. Instead they make things more difficult for both the City of New York and the many non-profits that are attempting to work on some new solutions for the homeless.

DANIEL KRONENFELD
Executive Director
HENRY STREET SETTLEMENT

Written Testimony of Philip W. Johnston,
Massachusetts Secretary of Human Services,
Submitted to the House Subcommittee on Public Assistance
and Unemployment Compensation and the
Senate Subcommittee on Social Security and Family Policy
March 28, 1988

Fifty years ago, the passage of the Wagner-Steagall Housing Act committed us to the proposition that all Americans are entitled to decent and affordable housing. Yet today, thousands of individuals and families are sleeping on the streets and in the doorways of cities and towns all across America.

Fifty-five years after Franklin Roosevelt told us that one-third of the nation was ill-housed, there are still thousands of our fellow citizens who have no place to go at night -- through no fault of their own. What's most shocking is that the homeless of today all too often are women and children -- and entire families.

Helping these families to find housing and preventing others from becoming homeless is vital to us in Massachusetts and to us as a nation.

There is no simple cause to homelessness. And there is no simple solution.

But we know that affordable housing needs to be a key ingredient in any homeless prevention plan.

Massachusetts' booming economy has put enormous pressure on the real estate market and rents have soared beyond the reach of many low and moderate income families. Areas that once were full of multi-family dwellings and single room occupants now are primarily condominiums. The previous tenants were, one way or another, pushed out of their homes.

But the problem of homelessness goes deeper than that. For a growing number of families in Massachusetts, a host of other social causes -- mental illness, substance abuse, family violence, teen pregnancy -- lead them to become homeless. And we know that it is the families with multiple social problems who are most likely to become the long-term homeless.

For others, the causes of homelessness are economic -- loss of a job, excessive medical expenses, an exorbitant rent increase or the sale of one's apartment building.

When Governor Dukakis took office in 1983, he vowed to make homelessness his top social welfare priority. As he stated in his inaugural address:

> Thousands of homeless wander our streets without permanent shelter. And we must provide it. Too many of our people - black and white, men and women...are living at the margin without hope, without a future. And we must help them -- not with a handout, but with a job and a good education and decent housing.

In 1983, people in Massachusetts were sleeping in cars and campgrounds. There were two state-funded shelters and few support services.

We had a punitive welfare program and a crisis in housing.

And far too few people were aware of the problem of homelessness.

In response, we pulled people together -- legislators, advocates, providers, local government.

One of Governor Dukakis' first acts in office was to convene the Governor's Advisory Board on Homelessness, which has become the guiding force of all policy planning on homelessness in Massachusetts since then.

Massachusetts has created an approach to homelessness that is compassionate in its vision and comprehensive in its scope. We have stressed prevention, emergency services, support services and permanent housing. The availability of AFDC and Emergency Assistance funding is crucial to those efforts.

PREVENTION

Five years ago, there were two state-funded shelters in Massachusetts. Today there are over 80. But our efforts for the homeless do not end with shelter. They begin there.

In 1983, Governor Dukakis signed into law Chapter 450, An Act to Prevent Destitution and Homelessness. Our current work to prevent homelessness builds on that early commitment.

Our Emergency Assistance program is one of our keys to preventing homelessness. The state department of Welfare provides security deposits, back rent, utility payments and moving expenses for people receiving AFDC and state-funded General Relief.

EA funds allow the Commonwealth to work with 32,000 AFDC families to <u>prevent</u> homelessness. The Massachusetts EA program provides payment of up to four months rent and utility arrearages to help prevent families from losing their housing, and one month's advance rent and a security deposit so that AFDC families who are forced to move can secure housing rather than become homeless.

Governor Dukakis incorporated a new $22.4 million homeless prevention program as part of his FY89 budget. This new initiative focuses on early intervention and prevention of homelessness. It will provide rent subsidies to families in danger of becoming homeless, transitional housing for certain multi-problem families, landlord-tenant mediation services, and expanded social services for families in danger of losing their homes. This program is based upon the premise that it is less disruptive and more cost-effective to help a family keep its home than to shelter a family until it finds new, affordable housing.

EMERGENCY SERVICES

Massachusetts has made a commitment to move families out of hotels and motels. We have developed small family shelters that emphasize housing assistance and social services. Today, 49 family shelters funded completely by the state provide beds for over 400 families. Department of Public Welfare staff in family shelters help homeless families find permanent housing. And the Commonwealth funds family support service programs at family shelters that provide counseling to parents and children.

In addition to our family shelters, Massachusetts provides temporary shelter and services for 4,000 homeless families through the Emergency Assistance program.

SUPPORT SERVICES

Massachusetts' statewide housing search program helps families in hotels, motels and shelters. The state offers medical services, substance abuse treatment, mental health services, employment and training programs and veterans services to homeless people who need them.

And we have made special efforts to address the particular needs of homeless mentally ill individuals. Last summer, Governor Dukakis signed a $370 million capital outlay package that will totally revamp our mental health hospitals and will provide an additional 3,500 units of housing for chronically mentally ill individuals.

Massachusetts has increased its AFDC benefit levels by 47 percent since 1983.

PERMANENT HOUSING

Governor Dukakis signed into law three housing bond authorizations that provide a total of approximately $1 billion to produce more than 6,300 units of low-income housing and renovate or reclaim over 30,000 units of state and federal public housing.

Massachusetts' Chapter 707 rent program has been expanded 36 percent since 1983 and today provides rental assistance to 12,000 households, which pay a maximum of 25 percent of their income on rent.

Since 1985, through an aggressive housing search and voucher program, we have placed over 5,000 homeless families out of hotels, motels and shelters into permanent housing.

Massachusetts recently created a housing voucher program that will provide state funds to pay a portion of the rent of homeless families once they are placed in permanent housing.

The homeless in Massachusetts today are primarily families with children. Over the course of this year we estimate that approximately 5,000 families will move through our shelters and hotels. No family who wants shelter is on the street in Massachusetts today.

Housing programs in isolation will not stem the tide of homelessness. AFDC has an important role to play in filling the gaps where other programs fall short -- to prevent children from being evicted from their homes because their mothers can't pay the utility bills; or to provide shelter for children whose homes were lost to fires.

THE MAGNITUDE OF THE PROBLEM

The fact we need to remember about homelessness is that we didn't have a serious homelessness problem seven years ago -- and we have one today. And there is only one difference: the federal government isn't building any housing for families with low and moderate income.

Housing costs have soared in Massachusetts and put housing well beyond the reach of many low and moderate income families. But my state isn't the only one to see that problem develop. In 1974, the median rent in the United States was 35 percent of income. By 1983, that figure had risen to 46 percent of annual income. And for female-headed households, the picture is bleaker: In 1974, 17 percent of households headed by women paid more than 75 percent of their income for gross rent. In 1983, that 17 percent had risen to 34 percent. When one-third of our nations's single mothers are paying three-quarters of their income for housing, it is not hard to understand why we are finding more and more of those families in our shelters.

We need a federal-state partnership that produces good housing at affordable rents if we're going to make changes.

Federal funding for housing assistance has decreased by 60 percent since 1981. Under the Ford and Carter administrations, we were building or rehabilitating over 200,000 units of federally assisted housing for families of low and moderate income. Today, we are doing barely 25,000 units a year. And there has been no federally funded construction of low-income family housing in Massachusetts since FFY82.

Waiting lists for both federal and state public housing are far too long. In Boston alone, there are approximately 14,500 families on the public housing waiting list.

Families often wait years for public housing. For example, in August 1985, 4,200 AFDC families, or 25 percent of all Boston AFDC families, were on waiting lists for Boston public housing. Only 170 AFDC families moved into Boston public housing from January through August 1985 -- a mere 20 families per month. At this rate, it would take 17 years for all of the AFDC families on the Boston public housing waiting list to be served.

Rents in Boston have skyrocketed. Between 1982 and 1984, 80 percent of housing with rents under $300 a month disappeared. Many of those rents were increased. Other units were converted into condominiums and still others became uninhabitable. In Boston alone, approximately 16,000 apartments were converted to condominiums between 1980 and 1986, almost all of which were conversions of multi-family units.

To further complicate the situation, over 30,000 families were thrown off AFDC in 1981 due to the Reagan administration OBRA changes.

Last summer, in a bipartisan effort, Congress passed the Stewart B. McKinney Act, which is an important first step in a federal-state partnership on homelessness. The McKinney bill will provide emergency services to the homeless. I think it's telling that President Reagan signed the bill at night, after the evening news was over. An administration spokesperson said he did this to demonstrate his lack of enthusiasm for the bill.

IMPACT OF THE REGULATIONS PROPOSED BY HHS

With the proposed rules issued in December by the Family Support Administration (FSA) of the Department of Health and Human Services (HHS), the Reagan administration is once again turning its back on the homeless. If these regulations took effect, much of the work that Massachusetts has done to prevent homelessness would be undone.

The regulations would force us to discontinue our rent allowance program, which was created specifically to meet AFDC families' expenses for private housing. They would severely limit the federal scope of our EA program in which the benefits provided reflect the needs of low income families in Massachusetts. These parts of our AFDC and EA programs are crucial to our approach to homelessness.

States are making appropriate use of AFDC and EA programs as they grapple with the difficult problems of family homelessness. That is why Massachusetts joined other states, and the National Council of State Human Service Administrators in supporting Congressional efforts to prohibit HHS from implementing the rules as planned.

I believe the proposed rules should be permanently withdrawn in their entirety because:

- They represent a retreat from the federal government's role as a partner with the states to aid poor and homeless families through the AFDC and EA programs.
- They are based on faulty assumptions about the availability of housing programs sufficient to meet the needs of AFDC families.
- They improperly limit states' flexibility to design their AFDC programs to meet the needs of poor families.
- They would seriously disrupt Massachusetts' comprehensive programs that aid homeless families and prevent homelessness.
- They would end the Massachusetts special need rent allowance program which provides an additional $40 monthly AFDC supplement to those poor families in the greatest need.

The AFDC and EA programs have always been a joint federal-state endeavor to assist needy families. These proposed cutbacks come at a time of growing national awareness of the problem of homelessness among poor families, a problem which has increased dramatically over the last several years.

Just last July, with enactment of the Stewart B. McKinney Homeless Assistance Act, Congress asserted that the "nation faces an immediate and unprecedented crisis due to the lack of shelter for a growing number of individuals and families"; and that the Federal government "has a clear responsibility and an existing capacity to fulfill a more effective and responsible role to meet the basic human needs...of the homeless." We agree with Congress that the Federal government should <u>expand</u> its role, rather than retreating from its responsibility to aid poor homeless families.

I take issue with the administration's justification for the proposed changes. To suggest that federal and state programs by providing more low and moderate income housing would by themselves, be a solution to the housing crisis faced by poor families reflects a poor understanding of the magnitude of the problem as well as the multi-faceted approach needed to address it. As I testified earlier, Massachusetts makes excellent use of the various federal housing programs and we have committed considerable resources to provide low-income housing to meet the needs of the homeless where Federal programs have fallen short. But housing programs alone are not enough. Homeless families need support services to help them get back on their feet.

The administration also justified the regulations by saying that other ongoing federal and state emergency assistance programs can somehow meet the emergency needs of families which have up until now been met by the EA program. That is completely disingenuous. The only federal program mentioned, for example, the Low Income Home Energy Assistance Program (LIHEAP), has been used well in Massachusetts but has not eliminated the need for EA. This year's federal cuts for LIHEAP, totalling $12 million, should increase the need for EA even more.

Now let me tell you specifically about how the changes proposed by HHS would affect our program.

1. The Proposed 30-day restriction on EA Assistance

   The Commonwealth presently receives federal reimbursement for EA payments made to shelter homeless families for up to 90 days in a 12 month period. The regulations proposed by HHS would limit Federal reimbursement to one 30-day period in 12 months. Our experience shows, however, that the emergency needs of homeless families usually extend well beyond 30 days, even though our average length of stay in a hotel is 90 days and in a shelter is 60 days. Virtually no homeless family can find and move into permanent housing within 30 days of becoming homeless. The tight housing market and the requirements of subsidized housing programs

   often combine to result in poor families spending weeks searching for appropriate, affordable housing. Imposing a 30-day restriction on federal matching for EA is unrealistic and, in effect, places the burden of providing emergency shelter to homeless families completely on the state.

Similarly, under these regulations, the state would have to assume almost the entire cost of assistance to AFDC families who depend on EA payments to prevent homelessness. This is because many of the 32,000 AFDC families who used EA to prevent homelessness in FY87 required assistance for a period in excess of 30 days. Moreover, the need for emergency assistance will likely increase in FY89 due to a $12 million reduction in federal funding for the Low Income Home Energy Assistance Program (LIHEAP). If the 30 day restriction is imposed, the Commonwealth will lose approximately $13 million in federal reimbursement for Emergency Assistance.

If time restrictions are to be imposed they should more accurately reflect local conditions. One approach would be to allow states to establish limits in their state plans which they determine are necessary for individuals and families to avoid destitution or homelessness -- limits which more accurately reflect local conditions.

2. The proposed requirement that states specify the maximum amounts of assistance for each type of emergency.

This proposal is unrealistic and unnecessary. The dollar amount necessary to meet emergency needs for items like emergency shelter vary tremendously by type of shelter provided, geographic location, etc. The amount needed to pay for an EA recipient's rent arrearage would vary widely depending on community. Requiring the state to set maximum limits for these items would force us to set artificially high maximums by choosing the maximum amount paid for each type of emergency need covered. This serves no real purpose.

3. The proposed requirement that states may not vary their shelter standard based upon type of housing occupied.

Finally, the proposal to prohibit states from varying their shelter standard based upon type of housing would end the Massachusetts' special need rent allowance program. That program is part of Massachusetts' overall strategy to combat family homelessness and allows us to provide a $40-per-month special needs payment to AFDC families in private, unsubsidized housing.

The largest single expense that AFDC families in Massachusetts face is housing. About one-third of all AFDC families live in public or subsidized housing for which they pay a maximum of 30 percent of their income for rent. The remaining 67 percent of AFDC families live in private, unsubsidized housing for which they pay market rent.

To address the disparity between the rents AFDC families pay in public or subsidized housing and rents AFDC families pay in the private rental market, Massachusetts provides a monthly AFDC special need payment to those AFDC families who reside in private, unsubsidized housing. This rent allowance helps reduce family homelessness by giving those AFDC families with the highest rental costs a monthly addition to their AFDC grant so that they have additional funds with which to pay their housing costs.

For state fiscal year 1988 (July 1, 1987 to June 30, 1988), we estimate that the Department of Public Welfare will include a $40 special need rent allowance in the AFDC grant of approximately 57,500 families per month who pay rent in private, unsubsidized housing. That equals $27.6 million per year, half of which is reimbursed by FSA under AFDC cost sharing principles.

I strongly urge HHS to withdraw and reconsider the proposed regulation to the AFDC Emergency Assistance program. HHS should work with Congress and the states to find solutions to family homelessness, and should not limit its financial commitment to homeless families.

It is no less than our duty to give homeless families the helping hand they so desperately need to live on their own. I applaud Congress for imposing a moratorium and urge you to prevent these regulations from going into effect. The damage would be immeasurable.

TESTIMONY OF

C. PATRICK BABCOCK

DIRECTOR OF THE

MICHIGAN DEPARTMENT OF SOCIAL SERVICES

My name is C. Patrick Babcock and I am the Director of the Michigan Department of Social Services. As the Director of that Department, I am aware that the problem of the homeless is not new to Michigan. My Department examined the issue in 1984 with a report that identified the status of housing and its impact on low-income families. This report found that Detroit alone lost an annual average of 3,114 housing units between 1970 and 1983 due to decay, abandonment and deterioration. This represents 11% (or 58,696) of the city's low-income housing units -- more than any other American city. Later, the Task Force on Homeless formed by Governor Blanchard in 1985, stated in its 1986 report that estimates of the number of homeless people in Michigan range from 30,000 to 90,000. We do know that from a 1987 survey of emergency shelter providers, at least 38,000 Michigan citizens needed emergency shelter assistance. Clearly, the problem of homeless is ongoing.

As the task force report stated, "The extent and seriousness of homeless will increase unless specific public policy initiatives, resource investments, and long-range planning are undertaken immediately to address the problem." Two years later that assessment remains unchanged. Therefore, my responses to the following four questions posed by the subcommittees should be considered in this context.

1. What is the appropriate role for the AFDC program to play in responding to the needs of homeless families? To what extent does the AFDC benefit level affect the number of homeless families?

   Before I comment on the role of the AFDC program concerning the needs of homeless families, I would like to request that Congress, when considering any proposed AFDC law, carefully evaluate such proposals for potential impact on the ability of AFDC families to deal with the critical issue of housing and homelessness. No law or regulation should be established which would negatively affect the ability of AFDC families to secure adequate housing. I present, as an example, the proposed rules published in the Federal Register on December 14, 1987. Later, I will address these proposed rules in more detail. For now, I will merely note that we must guard against making the problem worse while working toward solutions. I applaud the action of Congress, in P.L. 100-203, prohibiting HHS from implementing those regulations prior to October 1, 1988. This will give Congress an opportunity, in hearings such as this, to evaluate the impact those proposed regulations have on the problem of homelessness.

   Michigan has not had, and does not have, a policy of denying AFDC benefits to families who are homeless. HHS, in response to P.L. 99-570, issued guidelines to states on April 24, 1987 to ensure that AFDC is provided to otherwise eligible dependent children who are homeless. Michigan AFDC policy was further clarified on January 1, 1988 to state that AFDC must not be denied on the basis that a person has no permanent dwelling or fixed mailing address.

   In Michigan, only 36 percent of all AFDC cases have shelter allotments that meet the full cost of their shelter obligation. It is impossible to state with accuracy how the remaining 64% of AFDC families meet their shelter obligations; certainly many of them have not been able to do so, hence the homeless families on the streets of Detroit, Grand Rapids, Lansing and elsewhere in Michigan. As rental cost increase and AFDC benefit levels fail year after year to increase proportionately, it is no wonder that the homelessness problem in Michigan, and throughout the nation, increases.

2. Should the AFDC statute and regulations be modified? If so, how?

   We certainly should not adopt the proposed rules outlined in the Federal Register dated December 14, 1987. Current regulations allow flexibility in meeting the needs of recipients with problems such as homelessness.

   Deprivation factors limit AFDC to only certain families. Homelessness knows no such limits. In order to strengthen families to meet problems such as homelessness, Congress should consider elimination of the deprivation factors.

   In 1981, Congress reduced the amount of non-exempt personal property an AFDC family may have to $1000. Prior to that time, Michigan AFDC families could have $2000 in non-exempt personal property. While this change may seem minor, it is one of many factors which reduce the ability of families to deal with their financial problems by requiring them to be almost completely destitute prior to receiving AFDC. Congress should consider increasing the non-exempt personal property limit.

Congress should also consider increasing the federal financial participation matching formula in the AFDC program. This would significantly help the states to more fully meet the needs of AFDC recipients.

3. What would the effect be of the regulations proposed by the Department of Health and Human Services on states, localities, nonprofit organizations and homeless AFDC families?

The proposed changes affect both the AFDC program itself and the Emergency Assistance portion of the AFDC program. Michigan objects to the effects of both changes, as increased homelessness will surely result. Regarding the proposed changes to the AFDC program itself, Michigan is most concerned about the State's inability to set different shelter allowances. The AFDC program itself would no longer be allowed to target benefit levels to those families with the highest costs. Housing costs in urban areas are higher than those in most rural areas. We are concerned that the proposed regulations would require Michigan to provide the same shelter amount in, for instance, Ishpeming (a small rural community in Michigan's Upper Peninsula), as in Detroit or Lansing. Essentially, the landlords in the rural areas would be able to raise their rents far beyond a reasonable profit-margin while families in urban areas will be evicted and find themselves in shelters, if they are lucky. Prohibiting states from varying shelter allowances based on their knowledge of prevailing market rates, is, to say the least, failure to understand the realities of American life.

Regarding the proposed change in the Emergency Assistance portion of the AFDC program, Michigan has many concerns. Congress created the Emergency Assistance Program to protect children. That intent will be impossible to meet if the proposed changes occur. For over 10 years Michigan has self-imposed a limit on the amount of emergency assistance we will provide and we have had the flexibility to adjust the amounts paid and the period of time covered as situations within the State have dictated. For instance, the amount of rent we will pay to prevent a family from being evicted is based on three times the shelter maximum allowed in the AFDC program. Michigan recognizes that legal evictions are seldom resolved by the payment of one month's rent. Rather, a minimum of 2 or 3 months rent, if not more, due to court delays, is usually needed to prevent the family from being tossed into the street. Michigan's policy therefore allows payment of up to three months rent. Similarly, mortgage foreclosure actions generally require up to six months payment to prevent eviction. Therefore, Michigan has established a lifetime maximum of $1200 (or $200 for 6 months) that can be paid through Emergency Assistance to prevent foreclosures. HHS would, by their proposed rule changes, restrict emergency payments in the above situations to only 1 month worth of rent or mortgage payments, an amount insufficient to prevent the emergency.

The effects of the proposed rule changes can be shown more dramatically through a comparision of Michigan's current policy and dollar limits with the amounts which would be allowed should these rules become final.

Emergency Service	Typical Issuance	Maximum Paid	Amount Charged Federally	
			Current	Proposed
Rent to Prevent Eviction	3 month's rent at $245/month	$ 735	$367.50	$122.50 (1 month)
Mortgage Payments to Prevent Foreclosure	6 month's payment at $200/month	1200	600.00	100.00 (1 month)
Property Taxes To Prevent Loss Due to Tax Sale	2 years taxes at $750/year	1500	750.00	31.25 (1 month prorated)
Emergency Shelter	30 days of shelter in motel, family of 4	1000	500.00	500.00

The above emergency services are typical of those which are needed in Michigan to prevent families from becoming homeless. The irony of the proposed regulation changes is that, by limiting payment to coverage of 30 days worth of shelter only, more and more families will become homeless because the emergency will not be resolved. We'll still be able to provide emergency shelter for a family but we will not be able to prevent their need for emergency shelter. While we can now use $367.50 of federal money to prevent an eviction and provide a permanent living arrangement for a family, we will through the proposed rules be forced to pay $500 in federal money more frequently for emergency shelter which does not provide a long-term solution to the problem.

There are numerous other emergency assistance services that Michigan now provides that would be severely limited by the proposed regulations. A major one which could pose a threat to health and safety for residents of our cold weather state would be a limitation on paying only 30 days worth of an overdue natural gas or electric bill in order to prevent shutoff. Utility companies do not accept payment of a 30 day bill when the shutoff may be for 60 or 90 days worth of service. Similarly, a family cannot secure a delivery of fuel oil until all of the outstanding past due amounts are paid. To limit payment as proposed will place families in severe danger during Michigan's cold winters.

The restrictions HHS is attempting to place on a program designed to prevent or stop emergencies for children will, in fact, place these same children in extreme jeopardy. Congress intended the Emergency Assistance component of the AFDC program to protect children. Through these regulatory changes, HHS is attempting to negate that purpose. I urge you to prevent this direct attempt to undermine the intent of Congress.

4. What is the long-term solution to the problem of homeless families?

The obvious solution to the problem of homeless families rests in the availability and affordability of low-cost housing. We believe that it is critical for the federal government to lead the way in helping the nation to meet the demand for safe and decent housing. Now, more than ever, it is necessary to restore funding for federal housing programs to previous levels. Since many programs are no longer accessible to low-income people, remaining programs should be expanded and new programs created to fill this void. Only then can state and local governments, community agencies and the private sector work effectively in developing ways of providing necessary housing for those with little or no means.

It is essential that measures such as mortgage revenue bonds, low-interest loans and tax-credits for low-income housing be used to stimulate builders, investors and mortgage lenders in meeting the supply of low-income housing. Additional subsidies will be needed to supplement tenant's income so they can afford new or rehabilitated homes. Further efforts to encourage builders will need to be found to replace the incentives that were removed from the 1987 tax law changes.

To accommodate the need for affordable housing, it is important that the federal government continue with the subsidization of rental housing. Many low-income people depend on federal rental subsidies in the form of Section 8 certificates and housing vouchers. We see that the demand for these subsidies is not being adequately met, and the need is increasing at alarming rates.

As the federal government reviews its role in a national housing policy, it is important to recognize a state's need for participation in the allocation of federal funds, and the needed flexibility to tailor funding to regional differences. By doing so, states can leverage support and commitment from local governments, community agencies and the private sector to participate in the solution to the shortage of low-cost housing.

We see too that many citizens struggle to maintain their homes while subsisting on low-income or public assistance benefits. In order to stem the tide of those who are in jeopardy of losing their homes because they can no longer afford to make payments or meet housing costs, it will be necessary for the federal government to restore cutbacks to welfare and other entitlement programs. There is no question that current public assistance benefit levels have a long way to go in meeting the need of finding and affording adequate shelter. If benefit levels were to more realistically reflect today's housing market, a larger number of people would have flexibility in locating safe, decent, and affordable shelter.

In additon to higher shelter allowances in AFDC grants, funding for the Emergency Assistance Program must be protected and increased. It is critical that shelters be available, and expand when necessary to meet a community's growing need. The Emergency Assistance Program must remain flexible to address different and unusual circumstances that require immediate attention. It is important that this program be available to prevent situations that cause homelessness from occurring.

Finally, we need intervention, prevention and outreach services that get at some of the root causes of homelessness. Programs for domestic violence, substance abuse treatment, food and nutrition services -- all need to be available to accommodate families and individuals in time of crisis situations. The outreach activities currently provided by our shelters, crisis centers and communmity organizations often hold the key in providing a "safety net" for many who may find themselves facing homelessness. These providers and agencies cannot afford any reduction in funding and every effort must be taken to preserve and enhance their operating costs.

Michigan is reshaping our service delivery with program that target the homeless population. Recently, the Department of Social Services (DSS) entered into a "co-location" agreement with two or our most heavily used shelters. Having Department staff on site in the shelter facility will allow the homeless population direct access to DSS resources. The Department has also committed greater resources in providing transportation between shelters and its service delivery offices, and for the purpose of finding permanent housing. Recognizing the need for child care services within shelters, the Department is providing the financial support for a child care program to be launched in the largest of the Detoit area shelters in mid-year.

Other efforts taking place in our major urban areas include providing health care services away from the clinic in the form of mobile units that visit shelters of places that homeless individuals are more apt to congregate. The Detroit/Wayne County area has also developed a coalition composed of providers, businesses, government, advocates, religious and community organizations to better coordinate local activities and approaches to the homeless problem. A statewide steering committee, co-chaired by myself, meets regularly and serves to coordinate state policy and programs.

However, it is now recognized that we should concentrate our efforts on early intervention. If services can be provided at a stage in a person's life before a crisis develops, then there is a greater likelihood that stability and permanency will be maintained. Success in this area has already been demonstrated with education and job training. Other services such as that provided to former residents of hospitals and institutions cannot be emphasized enough if they are to stabilize an individual or provide maintenance of care.

In summary then, the long-term solutions that are needed to attack the homeless problem are expanded housing, benefits and outreach services. Crucial programs that need more support at the federal level are: housing, employment, medical services, education and supportive services for families such as day care and transitional housing. We need to address day care for mothers in shelters, and pre-release plans for mentally ill patients going back to the community. We must commit ourselves to job training, replenishing the housing supply for low-income individuals and treatment for substance abusers. All long-range solutions call for immediate action in the present. While Michigan can develop demonstration projects in these areas, the federal government needs to take the lead.

STATEMENT OF SANDRA S. GARDEBRING, COMMISSIONER
MINNESOTA DEPARTMENT OF HUMAN SERVICES

Comments Regarding Proposed Regulations Governing AFDC Emergency Assistance
3/24/88

I submit the following comments in order to inform you of the effect that proposed federal regulation changes would have on the AFDC Emergency Assistance Program in Minnesota.

Largely due to the Emergency Assistance Program and payment of the full AFDC need standard, Minnesota does not have a large number of homeless families. However, many families will be without shelter or utilities in Minnesota if federal financial participation for the EA program is limited to only one thirty (30)-day period. It is unrealistic to expect that a family's emergency will be resolved by paying for only one month's utility or shelter costs. Utilities are not shut-off when there is only one month of nonpayment. Mortgages are not foreclosed when they are only in arrears one month. Nor will utilities be restored or mortgage delinquencies cleared unless the entire amount due is paid. Our experience with families requesting EA is that they do not have money available to pay for part of an arrearage.

We feel it is improper to use the Emergency Assistance (EA) Program to meet families' continuing needs which should be dealt with through other ongoing assistance programs. Our State rule requires that all other resources must be used (including the federal HUD programs and Low Income Home Energy Assistance Program) before Emergency Assistance funds may be expended. However, these programs are not currently set up to resolve crisis situations that threaten the life or health of children. In Minnesota, the EA program has filled in where these other programs have fallen short.

As we understand the proposed changes, our current EA program would no longer be able to serve the majority of the recipients who now use the program. And there would be no other federal program (HUD, LIHEAP, etc.) equipped to alleviate the destitution of needy children.

Our current EA rule requires that families requesting EA have made a substantial effort to pay utilities and shelter payments over the past year before EA funds are issued. We have been diligent in monitoring our program so that it does not become a "13th month grant". We appreciate the flexibility the current EA regulations allow and feel our program meets the emergencies of families in need.

We agree it is useful to set maximum benefit amounts (for the reasons listed in the "background" section of the December 14, 1987 Federal Register), provided states are given the same wide flexibility to set maximum amounts for their EA program as they are given to set AFDC need and payment standards. In Minnesota we have already set maximum amounts for many emergency items authorized under the program.

Finally, we question why the language of the Social Security Act is now being read differently after the EA program has been in existence almost twenty years. The current regulations allow payments for needs which arise before or extend beyond the thirty (30)-day period. This has been interpreted to refer to the period for which payment can be issued. Our current rule, which explicitly states this, has been approved by the federal office. We would argue that assistance restricted to being issued within a thirty (30)-day period will not resolve the two most common emergencies (utility shut-offs and lack of shelter). Thus, in most instances it will be impossible for states to prevent destitution of children which is the main focus of the federal EA provisions.

In summary, we oppose the changes to the EA program that are being proposed because they are unnecessarily restrictive. We believe that other programs which are available to meet utility and shelter needs do not currently provide a viable alternative to meet family emergencies. We support regulation changes that would preclude using the EA program to meet ongoing needs, however, we feel states should be given the flexibility to determine alternatives to the solutions proposed in the register. Also, we believe Congress intended that EA payments should resolve emergencies. In most all circumstances the proposed regulations will end the ability of this State to help families meet needs arising from emergencies.

NATIONAL
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of
COUNTIES

440 First St. NW, Washington, DC 20001
202/393-6226

March 28, 1988

The Honorable Thomas J. Downey
United States House of Representatives
2232 Rayburn House Office Building
Washington, DC 20515-3202

Dear Mr. Downey:

The National Association of Counties (NACo) wishes to comment for the record on state and county government use of the Aid to Families with Dependent Children-Emergency Assistance (AFDC-EA) program. As you know, AFDC-EA has been used increasingly to serve homeless families. Because of the diminished supply of low-income housing, and the increasing numbers of homeless and near homeless, some counties have found it necessary to use AFDC-EA as their last alternative in responding to the homeless crisis.

The regulations proposed in December 1987 by the Department of Health and Human Services would severely restrict the already limited options available to serve homeless families. As proposed, the regulations would prevent a state from setting differing amounts of shelter assistance depending on the type of housing. The regulations also would limit states and counties to making payment for one months needs in a 12 month period with a capped dollar amount for each type of emergency. Our comments on these two issues follow.

Standard of Need

A proposed federal mandate to place an arbitrary uniform cap on the amount of assistance available for housing ignores the substate variations in housing costs and the availability of units. Such a cap is contrary to the administration of other programs which take into account variations in costs of housing in states. For example, in determining rental assistance payments, fair market values are adjusted to correspond with actual costs of housing in counties.

The announcement argues that the Department of Housing and Urban Development has "existing programs available to address the lack of sufficient low and moderate cost housing." Counties are well aware of HUD programs but are painfully aware of the increasingly insufficient supply of HUD housing and

resources. Not only has funding been inadequate, but also inconsistently distributed subject to variation, thus impeding the ability of counties to develop long term, comprehensive strategies for homelessness. The increased use of the AFDC-EA program partly results from the drastic cuts in federally assisted housing. Counties are confronting the homeless crisis and use every available means to serve them.

In some respects, the regulation would shift to states and counties the full costs of serving the homeless. Counties need as much flexibility as possible in serving the homeless. A restriction on the standard of need essentially eliminates what is often the last option counties use when finding shelter for homeless families.

Emergency Assistance

A proposed federal regulation to strictly limit the interpretation of the statute to payment of one month's needs in a 12 month period will further increase the likelihood of the destitution of a child, which is contrary to the intent of the emergency assistance program. Payment of arrears in rent or utilities, a common use of AFDC-EA, would be limited to a one month payment. Families in financial crisis and on the verge of being placed on the public assistance rolls are often in that situation because of arrears over a number of months. An emergency payment covering the arrears often allows families to avoid eviction or placement on public assistance. A regulation restricting payment to one month's needs will not ease the families' crisis, nor their legitimate need for temporary government assistance. The restriction simply shifts a large part of the costs of responding to emergencies to states and counties.

Is using AFDC-EA the best approach to serving families who have become homeless or are on the verge of being homeless? Of course not. But for many local governments it is currently the only viable alternative in which all levels of government share the burden. In the longer range, the obvious strategy at all governmental levels is to preserve the existing supply of low-income housing; increase the housing supply through tax incentives and federal appropriations; and expand rental subsidies to bring housing costs in line with a family's ability to pay.

In the interim, we urge that Congress extend the existing moratorium on the regulations or take similar action to bar their issuance. Counties recognize that homelessness is a complex issue requiring a variety of strategies and resources. In many states, AFDC-EA plays an important role in responding to families in crisis.

Thank you for considering our views. If you have questions on our position, please contact Tom Joseph, NACo Legislative Representative for Human Services.

Sincerely,

John Thomas
Executive Director

Written Statement of Maria Foscarinis,
Washington Counsel to the
National Coalition for the Homeless

April 12, 1988

Before the Subcommittee on
Public Assistance and Unemployment Compensation
of the Committee on Ways and Means
U.S. House of Representatives and
the Subcommittee on Social Security and Family Policy
of the Committee on Finance
United States Senate

My name is Maria Foscarinis. I am Washington counsel to the National Coalition for the Homeless, a federation of organizations and individuals representing over 4,000 shelters and soup kitchens around the country. On behalf of the National Coalition, I submit this written statement concerning the appropriate role of the Emergency Aid to Families (EAF) program in meeting the needs of homeless families.

EAF is a critical program providing federal funds for emergency food, clothing, shelter, counseling, child care, medical care and legal services to needy families with children where other forms of public assistance are either unavailable or require lengthy eligibility reviews. One of the most important functions of the program is providing shelter in emergency situations such as foreclosure, evictions, fires, building conversions and spouse abuse. The program provides matching federal funds to states which decide to participate in the program, and requires participating states to shelter all homeless AFDC families who seek shelter assistance.

The need for this emergency family shelter program cannot be overstated. The number of homeless families, which now accounts for up to 40% of the 2 to 3 million homeless persons nationwide, is increasing by 25% per year. My comments focus on the family shelter component of EAF.

The Administration is now seeking to sharply curtail the EAF shelter program. In the face of an ever-increasing demand for emergency shelter, the Administration has proposed regulations which would drastically limit federal shelter funds. The proposed regulations not only threaten to push thousands of homeless families with children onto the streets, but also fail to address the legitimate concern that states are not adequately protecting families from the ravages of homelessness.

Increased federal monitoring of the EAF program is clearly needed. Too often, local governments use EAF funds to provide shelter in squalid--yet expensive--"welfare hotels." This use of badly-needed funds is both morally abhorrent and financially unsound. But rather than address the true need for reform, the

Administration has simply proposed to cut the program. If, indeed, the Administration is truly concerned about the proper use of EAF, it should adopt and enforce habitability standards to protect homeless families and children. Exhibit A, attached to these comments, outlines proposed standards.

In addition, consistent with its current efforts to curtail EAF funding, the Administration has failed to enforce the legal requirement that states participating in the EAF program actually provide emergency shelter to all homeless families requesting assistance. As a result, homeless families seeking shelter are routinely turned away by local governments across the country. See "Homeless Families: A Neglected Crisis," House Committee on Government Operations, House Report 99-982, 99th Cong. 2d Sess. 1986 at 13-15, 18. Indeed, a group of homeless families, together with the National Coalition, have filed suit in federal court to force HHS to fulfill its legal obligation to ensure that states receiving federal family shelter funds do not turn away needy families.

Finally, because the EAF program is now voluntary, thousands of families with children across the country must go without adequate shelter. Homeless families living in states which choose not to participate in the EAF program have no assurance of night-time shelter and must face night after night of uncertainty as they struggle to keep their children off the streets. States should be required to participate in the emergency shelter program to protect these families and children.

We face a crisis situation requiring emergency solutions. There could be no worse time to curtail the EAF family shelter program. All indications are to the contrary. The EAF program should be expanded and fully enforced until homelessness ceases to exist.

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ATTACHMENT A

EMERGENCY FAMILY SHELTER: MINIMUM STANDARDS

States receiving federal matching funds under the Emergency Assistance to Families Program shall ensure that emergency shelter provided under the program meets the following requirements:

Placements

In placing families in emergency shelter, primary consideration must be given to the needs of children. Specific factors considered must include but shall not be limited to educational needs, security, the nature of the facility in which the children would be placed, and factors which will ensure the minimum disruption of community ties.

Minimum Standards for Emergency Shelter

1) Each family shall be provided with at least one room which can be locked.

2) No more than two adults shall be placed in the same room, except when a family requests otherwise.

3) Each family member shall be provided with a bed except that siblings of the same gender and consenting adults may share a double bed; children under the age of three years shall be provided with a crib.

4) Each room shall have a chair for each resident and a table.

5) Each bed shall have at least two clean sheets, a clean blanket, clean pillows and pillowcases. A complete change of linens shall be provided at least once a week and more often where individual circumstances warrant or when a new family occupies the room. Each family member shall be supplied with clean towels, soap and toilet tissue.

6) Each family shall have access to a bathroom. At a minimum, this shall include a toilet, sink and a shower or bathtub, all of which shall be properly maintained. Not more than ten people will be required to share a bathroom.

7) Where cooking facilities are not available, or meals are not provided, a restaurant allowance shall be provided.

8) A reasonable school transportation allowance shall be provided to permit each school age child to attend school.

9) The following services must be provided:

a) removal of garbage;
b) maintenance and inspection of the electrical system;
c) maintenance of plumbing and plumbing fixtures;
d) a regular vermin control program;
e) provision to insure that entrances, exits, steps, and walkways are kept clear of garbage, ice, snow and other hazards;
f) adequate heat. Where windows do not open, proper ventilation shall be operational.

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April 4, 1988

Robert J. Leonard
Chief Counsel
Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Re: Committee's Review of HHS's Proposed Regulations for the Emergency Assistance Program

Dear Mr. Leonard:

I am submitting for the record the attached comments which we filed on behalf of our clients*/ before the Department of Health and Human Services (HHS), regarding the proposed revisions to the Emergency Assistance Program regulations which the Department put in the Federal Register on December 14, 1987. I believe these comments should be germane to the Committee's inquiry regarding the appropriateness or legality of HHS's proposed revisions.

I note that the hearings which the Committee held jointly at the end of last month with the Senate Finance Committee focused essentially on the impact of the proposed regulations

*/ The organizations joining in these comments are the Alliance for Social Security Disability Recipients (NC); Butte Community Union (MT); the Coalition for Consumer Justice (RI); Community Action for Fair Utility Practice (IL); Concerned Citizens' Coalition (MT); Greater Cleveland Welfare Rights Organization (OH); Low Income Group for Human Treatment (MT); Low Income People Together (OH); Maine Association of Interdependent Neighborhoods; Massachusetts Union of Public Housing Tenants; Mon-Valley Unemployed Committee (PA); New York Statewide Senior Action Council; Northern Kentucky Welfare Rights Association (KY); Philadelphia Tenants Action Group (PA); Tennessee Hunger Coalition; POWER (WA); Western Reserve Alliance (OH); Vermont Low Income Advocacy Council (VT); and VOICE (NH).

upon the ability of the states to provide shelter to homeless individuals and households. Our clients have another concern relating to these regulations, and that is their impact on the ability of the states to use Emergency Assistance Program funds to aid households with utility crises -- one of the more prominently mentioned household emergencies in the Congressional debates when this program was enacted in the mid-1960s. On behalf of our clients, we urge the Committees also to take a careful look at this aspect of the proposed regulations, and the lenitimacy of the Department's position.

We believe that such a careful look can only lead to one conclusion, that is, that the Department's efforts to read the statute so as to require (or permit) it to restrict states to the provision of assistance for costs arising only within a 30-day period, rather than restricting the assistance itself to a 30-day period but allowing states to resolve the total emergency where that emergency may have its origin in a situation arising before the 30-day period, is without merit. This aspect of the proposal will have a major impact upon our clients and other low-income households in the large number of states currently using, or planning to use, EAP funds to aid in dealing with this common type of emergency. We therefore, urge your attention to this matter.

Please feel free to call if you have any questions about our position or about the significance of this aspect of the proposed regulations.

Sincerely,

Helen C. Gonzales

Helen C. Gonzales

HCG:va
Enc.

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COMMENTS OF ORGANIZATIONS REPRESENTING LOW INCOME HOUSEHOLDS REGARDING PROPOSED AMENDMENTS TO THE EMERGENCY ASSISTANCE PROGRAM REGULATIONS*/

INTRODUCTION

In its Notice of Proposed Rulemaking, 52 Fed. Reg. 47420 (December 14, 1987), the Department of Health and Human Services (HHS) proposes, inter alia, to impose severe restrictions on the ability of states to use funding under the Emergency Assistance Program (EAP) to resolve the energy

*/ The organizations joining in these comments are the Alliance for Social Security Disability Recipients (NC); the Coalition for Consumer Justice (RI); Community Action for Fair Utility Practice (IL); Concerned Citizens' Coalition (MT); Greater Cleveland Welfare Rights Organization (OH); Low Income Group for Human Treatment (MT); Low Income People Together (OH); Maine Association of Interdependent Neighborhoods; Massachusetts Union of Public Housing Tenants; Mon-Valley Unemployed Committee (PA); New York Statewide Senior Action Council; Northern Kentucky Welfare Rights Association (KY); Philadelphia Tenants Action Group (PA); Tennessee Hunger Coalition; POWER (WA); Western Reserve Alliance (OH); Vermont Low Income Advocacy Council (VT); and VOICE (NH).

A number of these organizations are in states which are using EAP funding to assist low income households in dealing with energy emergencies, and their members will therefore be directly affected by the proposal being made by HHS. Other organizations are in states in which such use of EAP funds may be resorted to in the future, and indeed some of these organizations have been advocating for that result. Hence, their members also would be adversely affected by the proposed regulation.

emergency revolving around the termination of utility service or energy supplies to an eligible household, or threat of loss of such service or supplies. The low income organizations identified below firmly oppose this aspect of the proposed rule, both because it represents poor policy, particularly at a point in time when the Low Income Home Energy Assistance Program (LIHEAP) has just experienced a deep cut in funding, and because the interpretation put forth by HHS appears to be contrary to the intent and terms of the statute and to a long-standing and notorious interpretation of that statutory language which was made shortly after the legislation was passed by Congress. These organizations leave to other commenters the task of expressing the concerns about other troubling provisions in the proposed regulation.

COMMENTS

We address these comments to the application of the proposed revision to Section 233.120(b)(3)of 45 CFR, as it applies to a utility or energy crisis commonly reflected in termination of utility service or energy supplies, or an imminent threat of loss of such service or supplies. But these comments apply equally to the application of this proposed regulation to any household crisis which is the result of accumulating need or incremental growth in the underlying condition.

The current regulation would clearly authorize a state, in addressing the situation of an eligible household which has just lost utility service, or is about to lose utlity service,

to provide assistance which could resolve this crisis situation. In other words, under the current regulation, a state could provide EAP funds to pay the household's arrearage or indebtedness, which is giving rise to the termination or threat of termination, regardless of the fact that the arrearage in question had built up over a series of billing periods. HHS now apparently proposes to limit the period for which assistance can be provided to 30 days of usage. But, of course, the situation giving rise to the crisis or emergency involving loss of utility service or energy supplies is generally something that has built up over a series of months. It is a rare household that would lose utility service because it has failed to pay only one month's bill. In short, HHS proposes a regulation which virtually assures that states will be unable to provide assistance which can resolve the household crisis. We submit that that proposal is not supported by the statute.

In so stating, we want to make one important threshold point. The regulation in question was promulgated in final form in January of 1969. Hence, it was issued shortly after Congress passed the statute, and when the proposal leading to legislative action and the Congressional intent were firmly in the mind of the administering agency. Moreover, it has been an open and notorious interpretation, under which all parties have acted, for almost twenty years. Under the circumstances, we submit that HHS bears a special burden in supporting the current, radical change it is proposing. This is especially so

when Congress has continually refunded EAP during this period and in fact has amended the statute on at least one occasion, leaving this interpretation untouched. Under these circumstances, we believe that HHS should be able to point to a clear inconsistency between its prior, long-standing interpretation and the statute, as a prerequisite for change at this time. This, HHS cannot do. Indeed, it seems apparent from a review of the legislative history that Congress contemplated the interpretation reflected in the current regulation and that that interpretation is quite consistent with the law.

The statute provides, at 42 U.S.C. 606(e)(1), that "emergency assistance" means assistance "furnished for a period of not in excess of 30 days in a 12 month period..." The aim of this language is quite apparent: it is to ensure that the assistance provided deals with an actual emergency and not be an ongoing form of assistance. But the emergency in the case of utility shut-off or the threat of shut-off is just that -- the time-specific loss of heat or other use of home energy, flowing from the actual or impending termination of energy service or supply. Congress' intent is fully reflected in state action designed entirely to resolve the crisis, regardless of the fact that the underlying cause may have built up over a series of months. HHS now rejects this common sense reading of the terms and would require states to embark upon a course of action under which, in perhaps the majority of cases, they will not be able to resolve the underlying emergency.

This treatment of the utility situation is akin to dictating that a state cannot totally repair a collapsing floor in a eligible household's dwelling, because much of the damage, or even the stress leading up to the damage, occurred during a period in excess of 30 days. Similarly, a state would be prevented from providing medical assistance that would resolve a current crisis, where the current illness or injury is the culmination of a series of medical problems which have developed over an extended period. The illogical nature of this reading is further apparent from the statute's later reference to services "necessary to avoid destitution" of the child in question. HHS is embracing a policy which would effectively prevent the state from accomplishing this central theme of the statute.

The approach taken now by HHS might be more understandable if it related to some new situation, clearly not in the contemplation of Congress when it passed the statute. But the legislative history of the EAP is replete with references to utility emergencies and steps necessary to deal with households which have lost utility service. See, e.g., S. Rep. No. 744, 90th Cong., 1st Sess (1967), as reprinted in 1967 U.S. Code Congressional and Administrative News, at p. 3002 and H. Rep. No. 544, 90th Cong. 1st Sess. (1967) at p. 109. Clearly, in referring to this type of emergency, Congress knew that utility termination or loss of energy supplies is not something that results from one month's unpaid bill or from events that transpire within a single 30-day period. Yet, it used loss of

utility services a prime example of the sort of emergency that this program was designed to address. Nowhere did it indicate a limit on the states' ability to deal with the entire cause of the crisis. In short, this legislative history fully supports the current regulation. And that support is further reflected in the constant Congressional appropriations for this program, the amendment of the statute on at least one occasion in the face of this interpretation,*/ and the use of EAP funds for this purpose by numerous states.

In closing, the commenting organizations must express added concern at the timing of HHS' proposal. The chief federal program to deal with the low income energy situation is just absorbed a 16% cut in funding, bringing it to a level which is now roughly 27% below its funding in 1985. Hence, EAP has now become a particularly important resource to those states which have used it to help deal with energy crises facing low-income households, and it seems particularly callous for HHS to ask those states not only to absorb the cuts in federal funding, for LIHEAP (which the agency sought), but also to absorb the loss of the use of EAP funds as well.

In short, this seems to be a particularly inappropriate time to embark upon the arbitrary effort to cut-off or limit federal funds addressed to a very real crisis situation. It is

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*/ See Pub. L. 92-512 § 301 (c) (1972).

an effort which lacks support in reason or in the statute. And as such, it should not be reflected in final regulations.

Respectfully submitted,

Charles E. Hill

Charles E. Hill
Counsel for the Commenting
Organizations*/

January 28, 1988

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*/ Prepared with the assistance of Thomas Bergin.

The Partnership for the Homeless, Inc.
6 East 30th Street, New York, N.Y. 10016 • (212) 684-3444

TESTIMONY ON BEHALF OF THE PARTNERSHIP FOR THE HOMELESS

(By Peter P. Smith, President)

Today we offer a program that will, in one year, accomplish nothing less than to effectively end the use of welfare hotels in the City of New York and all other cities and municipalities throughout the country where they exist by dramatically changing the permissible use of the federal AFDC-EA funding stream now used to support those brutal places. At the same time the Homeless Accelerated Rehousing Program (HARP) will provide those homeless families now mired there with decent and permanent homes, with needed services, while saving huge amounts of tax dollars.

It is a program whose time has come and we ask this Subcommittee and Congress to grasp the leadership role in insuring its speedy adoption and implementation.

This Subcommittee's willingness--and presumably that of Congress and even the Administration--to look at new ways in which federal AFDC and EA funding can be re-channeled for positive rather than negative uses to assist homeless families presents at once both an important challenge and a major opportunity to reverse an initially well-intentioned social policy now gone terribly wrong--the perpetuation of the use of welfare hotels to house homeless families.

The history of the welfare hotels is too well documented and known to this Subcommittee for us to have to repeat it here. Suffice it to say, that the welfare hotels probably represent the largest, most visible pussing sore of social policy failure that exists today in this country.

Had the finest and most imaginative minds in our nation sat down to formulate a program which would hand over huge sums of taxpayers' money to greedy and insensitive owners of the most brutal places providing the worst possible living conditions for families with children and breeding untold human misery and crime, they probably couldn't have come up with anything more effective than welfare hotels.

Similarly, we will waste little time on the quite obvious irrationality of the HHS proferred changes in regulations which would do no more than eliminate the little good that comes from financing the use of the hotels as an unsatisfactory alternative to the streets, while providing nothing to address the desperate need for permanent housing--a need largely created by the federal Administration itself through its disasterous low-income housing policies of the last 7 years. Suffice it to say, one doesn't throw out the baby with the bathwater--and anyone putting forth such regulations should have their qualification to hold public office re-examined.

The first of our suggestions is one that has been joined in almost universally by every community and non-profit organization seeking to address the needs of the homeless, as well as by our City and State officials. Simply stated, we would urge

legislation that will permit the AFDC-EA funding stream to be used in some way for capital expenditures to provide permanent housing for the homeless. That urgently needed correction, however, cannot possibly come soon enough to solve the critical problems which the homeless families now or soon to be in welfare hotels must continue to suffer during the lengthy regulatory and housing development process which must be successfully negotiated before such a permanent housing alternative is actually in place. Experience unfortunately teaches that, even if such legislation were adopted today, it would be 2 1/2 to 4 and even 5 years before the various stages of regulatory approval, development, design, financing and construction could be completed to actually provide sufficient permanent housing to render the continued use of welfare hotels unnecessary.

We say to you today--as we have already said to the City with respect to its Five Year Plan for Assisting Homeless Families--that five years more of the welfare hotels is far too long and should be clearly unacceptable to anyone concerned with the families who must struggle to survive in those places without hope, as well as anyone really interested in using tax dollars responsibly and effectively.

The real and immediate challenge, therefore, is to find a mechanism for the use of the AFDC-EA funding that will start immediately to swiftly eliminate the use of welfare hotels and provide decent permanent housing for these families.

The opportunity, we suggest and urge, is to support and adopt the proposed Homeless Accelerated Rehousing Program (HARP). Under HARP, the homeless families now in welfare hotels would be

relocated to privately-owned apartments now vacant and available at market level rents not to exceed the fair market rent maximum under the federal housing voucher program. HRA and other local social service agencies would provide assistance to the families in obtaining the private apartments, negotiating the lease, and making the transition into permanent housing. Initially and for the first 1-2 year lease term, the rents could be paid by increasing the shelter allowance portion of the income maintenance grant and thereafter under the federal housing voucher program. Only families now in the welfare hotels would initially be eligible.

HARP is to some extent modelled on the program used by Massachusetts to relocate their substantial number of homeless families out of hotels and into private and decent permanent housing. Even without the use of the AFDC-EA funding stream, Massachusetts was able to realize substantial savings from this program merely by eliminating expensive hotel rents. Such will, of course, be an added benefit in New York and in most jurisdictions using hotels to house homeless families for more than relatively short lengths of stay.

Assuming aggressive implementation, there is every reason to believe that relocation under HARP can be completed and the use of the welfare hotels eliminated in about one year.

In the interests of brevity, we are submitting herewith a working summary setting forth HARP in greater detail for consideration by this committee.

The role of the federal government in supporting HARP with

AFDC-EA funding--as it does the present shelter allowance--may be crucial. For while HARP makes sense from almost every aspect, it has received little interest from our City and State government until very recently, although we first proposed it as far back as January 1987 (N.Y. Times, 1/25/87). It is certainly in the federal government's own interest to embrace HARP not only because it is decent and humane and will help reverse the ravages caused by its own housing policies but because it will result in huge savings of federal tax dolars.

By taking the lead, moreover, the federal government can provide several additional incentives for the cities and states now using welfare hotels to abandon that practice swiftly and permanently.

Accordingly, we respectfully suggest that the priority task of this Subcommittee should be to formulate the necessary legislation to accomplish this goal which should include the following provisions:

- generally embrace the concept of the HARP proposal to end the use of the welfare hotels for homeless families in one year;

- define welfare hotels as commercial hotels, motels and rooming houses that house homeless families through the use of the AFDC-EA funding stream and where more than 40 of the rooms available for rental are used for homeless families or where homeless families occupied 20% or more of total rental rooms for at least 60 days in any one of the last three years. (The regional HHS Administrator would designate each year those facilities qualifying as welfare hotels under this definition);

-permit the use of the AFDC-EA funding to support (up to a

50% share basis) the flexible increase in the shelter allowance portion of the income maintenance grant to pay fair market level rents (no higher than the federal housing voucher maximum, which would automatically exclude luxury apartments) for permanent housing in privately-owned accomodations for homeless families being temporarily housed in such welfare hotels for at least 3 months as of the initiation of the program. (This would double the saving to the cities and municipalities which start using HARP and also save substantial federal tax dollars);

- permit the continued use of the federally- supported increased shelter allowance for a maximum of two years at which time payment of the fair market rent would be assumed under the federal housing voucher program. (It is suggested that the federal government should also provide a city or municipality adopting the program with a "bonus" or incentive federal housing voucher allocation, although such would not be necessary in New York City if the family were put in the pipeline for receiving the federal housing voucher at the time of relocation from the welfare hotel). No other homeless families could replace those being relocated under this program from the particular welfare hotel;

- require cities and municipalities having designated welfare hotels to adopt this program or AFDC-EA funding could not be used to pay rents for homeless families staying in any such designated welfare hotels for more than 6 months in the first year from the effective date of the program, (and each year thereafter) or when they first began occupancy. For those cities

and municipalities electing to adopt the program, waiver extensions could be granted to pay the rent for particular homeless families in designated welfare hotels, on a case-by-case basis, for sufficient cause shown and in the discretion of the Regional HHS Administrator for no more than two additional periods of 3 months each;

- require cities and municipalities adopting the program to obtain approval from the Regional HHS Administrator of a relocation plan which would include sufficient staff and resources to provide assistance to the homeless families in obtaining the available private apartments, negotiating the leases and making the transition from the welfare hotels into permanent homes. The approved relocation plan would also include provision of support services to the families for at least 9 months after relocation.

- As a further incentive for cities and municipalities having designated welfare hotels to adopt HARP, 50% of the annual savings to be realized by the federal government from relocation of the homeless families from the welfare hotels to private homes (certified to prospectively by the Regional HHS Administrator) would be used by the cities and municipalities to provide the staffing and resources to implement their approved relocation plans, provided further that at least 50% of the cost of services to be provided under the approved relocation plan would be contracted out to local qualified non-profit provider agencies (a waiver could be granted by the Regional HHS Administrator from this latter condition where no qualified non-profit agency exists or can provide the quality or quantity of services required under

the approved relocation plan).

* * *

HARP, as outlined above, is not only reasonable but fairly simple. The combination of incentives and penalties applicable to cities and municipalities having welfare hotels that we propose to Congress today should effectively insure that they will swiftly embrace and implement the program.

HARP alone, even with the suggested federal participation, will not end homelessness--that goal must await effective welfare reform and the return to a rational federal housing policy for low-income households. HARP will, however, eliminate the use of the welfare hotels which can only continue to exist through the use of the AFDC-EA funding stream.

We can undo this terrible thing we have done--but it will require the leadership of Congress to do it.

We urge you to sieze this precious opportunity and intervene to insure the swift adoption of the HARP program. The future of tens of thousands of children, not only in New York City but across the nation may depend upon what course of action you recommend.

The Partnership for the Homeless, Inc.
6 East 30th Street, New York, N.Y. 10016 • (212) 684-3444

"H*A*R*P"

(The Homeless Accelerated Rehousing Program)

A Program to End the Use of Welfare Hotels to
House Homeless Families in New York City in One Year

What Is The Purpose of HARP

Because we believe that the only answer to the welfare hotels is to eliminate them, we are proposing a program for New York City that worked successfully in Massachusetts to relocate practically all of its 2,200 homeless families out of hotels and into decent permanent housing--and saved the taxpayers a substantial amount of money.

The City recently issued a plan to assist homeless families which would have the effect of perpetuating the use of welfare hotels for at least another five years--and, almost unbelievably, the City Council has in effect endorsed that concept and included a mechanism for the City to continue to use welfare hotels even after five years. In five years time a teenager now living in a welfare hotel will have grown into adulthood and even become a mother. Five years is much too long to do what should have been done long ago--the welfare hotels must be eliminated within one year. HARP will do that if it is swiftly adopted and implemented with of the full commitment of our elected representatives at all levels and particularly the officials who have the responsibility for assisting the homeless.

HARP will not solve the entire problem of homelessness but it will finally abolish these monuments of misery and give most of our homeless children some chance for a decent future.

Background: The "Welfare Hotel"

The welfare hotel is one of the worst examples of social blight and human degradation presently affecting our City. In some sense,it is even worse than the drug and "crack" epidemic because we ourselves, through our government representatives, have created it and are now perpetuating it. The welfare hotels are in short a classic example of a well-intentioned social policy gone terribly wrong.

The City (with the State's concurrence) started almost two decades ago to use the hotels only to temporarily house families left suddenly homeless for the relatively short time it took then to find affordable replacement housing. As the federal government withdrew from programs to produce affordable replacement housing for families with low incomes, however the number of homeless families began to rapidly increase in the early 1980's--and of course the number of homeless families placed by the City in the hotels grew also because the City had not provided any other places to put them.

The City now houses over 3,550 families in 59 hotels--almost 7,700 of whom are children! About half of these families have been living in these hotels for over two years and many for much longer.

Although a room in any hotel is inappropriate for bringing up children, only about 14-15 of all the hotels used by the City for homeless families are what have come to be known as "welfare hotels". But almost two-thirds (2,300) of all of the homeless families put up in all the hotels are now living in these 14-15 welfare hotels.

Welfare hotels are usually old, large hotels which have been substantially or 100% filled with homeless families. In many cases, the conditions in these hotels were deteriorating before the time the owner decided to rent to the City for homeless families. In almost all cases, conditions and services in these hotels have rapidly deteriorated further since renting to homeless families because the owners are, in effect, guaranteed full occupancy and have no incentive to maintain them in order to attract the general public.

Nevertheless, the City is paying an average monthly rent for the homeless families in all 59 hotels of $1,800--the monthly rents in the 14-15 welfare hotels run as high as $2,500 for some families or $30,000 per year. Most of the families in these 14-15 welfare hotels have been there for over two years.

The human condition which prevails in the welfare hotels is even worse than the abysmal physical conditions and deteriorating services. The families are usually crowded into one room where they are forced to sleep almost on top of each other. There are no kitchens or cooking facilities and, needless to say, no place for the children to play or do homework--if in fact they are attending school, which almost 50% are not. The children are subject to drug and sex predators who congregate in or near the hotels and many of those who do try to attend school regularly are subject to ridicule and harassment as "hotel kids". Many of them suffer from malnutrition and health problems.

In short, these are places of utter despair, almost completely devoid of any hope or promise of a decent and fulfilling life.

How Will HARP Work?

Under HARP, the 2,300 homeless families presently in these 14-15 welfare hotels will be relocated to private apartments now vacant and available throughout the City at market level rents under regular leases (1 or 2 years).

The City and State would split the rent equally and save millions of dollars (even without federal assistance) by eliminating the huge cost of rents paid to the owners of these welfare hotels. After the first year or two, the families would be provided federal housing vouchers which would pay the market rent in the apartment for at least another five years.

Housing Search Specialists would be employed by the City's Human Resources Administration (HRA) to find the apartments and help the families secure the leases, including assisting them in moving out of these welfare hotels.

These particular 14-15 welfare hotels would never be used again by the City to house homeless families.

Why We Should Support HARP

Human decency would seem to compel support for HARP: almost anything short of the streets and subways would seem to be preferrable to the welfare hotels and there is every indication that the program can succeed here as it did in Massachusetts in providing these families with safe and decent permanent housing.

Furthermore, based upon the successful Massachusetts experience, it is clear that HARP will save both the City and State considerable sums by halting the payments of huge rents to the welfare hotel owners. The injustice of this situation has only been compounded by permitting these largely negligent and insensitive owners to profiteer at the expense of both the taxpayers and the homeless families.

Finally, by eliminating the use of these places quickly, we will be avoiding the open-ended costs of the future social dysfunction and crime which are the inevitable fruits of subjecting thousands of children to being brought up under these conditions. There should be little surprise when those now being victimized by the welfare hotels themselves become the victimizers. In short, there is almost every reason for using HARP to eliminate the welfare hotels as soon as possible and little reason not to. The real question is whether we can afford not to.

What Has To De Done By The City and The State

There are at least three possible mechanisms which could be used by the City and State as a vehicle for adopting and implementing HARP:

1. State Housing Certificates

This mechanism was successfully used in Massachusetts. The State legislature funded a housing certificate program (707 Certificates) through its Executive Office of Communities and Development (its housing department) which in turn contracted

with its Public Welfare Department which administered and implemented the program for the homeless families. The program was initially used for the 2,200 homeless families then housed in hotels but has since been extended to cover all new eligible homeless families. Enabling state legislation would probably be required (hopefully, a Governor's Program Bill). There should be a real possibility of bi-partisan support as the ultimate budget impact should be positive.

2. Return To The Use Of A Flexible Shelter Allowance

This is the approach suggested by the City Club and would permit the payment of shelter allowances in excess of the normal maximun amount where not doing so would require a homeless family to remain in a hotel at a greater cost to the City and the State. This mechanism was used to prevent homelessness among poor families prior to 1969.

3. Special Demonstration Program

Last year, HRA initiated a special demonstration program for the homeless families housed in the Allerton Hotel Annex (Manhattan) and the Bayview Motel (Sheepshead Bay, Brooklyn). Under that program, the families were enabled to seek private housing for rents up to 25% in excess of the the effective shelter allowance maximums plus they would receive a $1,500 relocation payment. That program did not, of course, meet with any great success because the rent level provided was still far below market level rents.

It is believed that a Demonstration Program applicable to the families in the 14-15 welfare hotels permitting payment of market level rents could also be implemented through agreement with the N.Y.S. Department of Social Services, rather than requiring legislation.

What Has To Be Done By Us

Both the City and the State have to be convinced that average, caring New Yorkers--those that vote--feel strongly enough about this issue so that it will become a priority. Unfortunately the old maxim that "the squeaking wheel gets the grease" still applies, and particularly in New York City.

This means that we must mount a massive public campaign that will enlist the support of as many civic and community groups, private organizations and individual New Yorkers as possible to send the message loud and clear to our public officials--WE WANT THE WELFARE HOTELS ELIMINATED NOW!

To achieve this goal, The Partnership For The Homeless together with other groups and organizations concerned with the problem will soon be starting a campaign which will include petitions and letters as well as other public demonstrations to educate and persuade our elected and appointed officials who

share the responsibility in this area.

Your individual support and the support of any group or organization you may be associated with can be an important contribution to this effort. Together we can and must achieve this critical goal.

Ironically, had our most brilliant and inventive minds sat down and tried to figure out a system of housing the homeless which would cost the most money for the worst and most dehumanizing accomodations, while at the same time breeding misery, crime and profiteering, they couldn't have come up with anything better than the welfare hotels. While this may not have been the original intention of our officials, this is what our public policies have left us with and the continued use of welfare hotels when there is a proven, effective program to eliminate their use can only be construed as purposeful. It is now up to us to change this once and for all.

TEN IMPORTANT QUESTIONS AND ANSWERS ABOUT HARP.

1. How do we know HARP will save money?

Simple arithmetic shows how both the City and the State will save millions under HARP in the very first year. The best estimate is that the average monthly rent now being paid to house a homeless family in one of these 14-15 welfare hotels is about $2,200, one half of which is paid for by the City and State, or $1,100 per month. If that family of four were relocated to a 3 bedroom privately-owned apartment now available at a market rate rent in the $700 per month range, the City and State would realize a net savings of approximately $6,700 per year on this family alone, after factoring the federal government's contribution to the rent of about $156 per month. The total net savings which could be realized when all the families are relocated could reach $15 million for the first year.

If a back-up source of apartments is needed to make sure these welfare hotels are swiftly cleared out of homeless families, the City should use some of the 4,000 apartments it is rehabilitating for the homeless this year which would save even more.

2. Are There Enough Apartments Available for these 2,300 families?

The latest figures from the City's Department of Housing Preservation and Development (HPD) show that in 1987 there were over 19,000 apartments vacant and available (not being warehoused) at rents at $500 and over representing a vacancy rate in excess of 4%. All indications are, moreover, that the trend is towards more availability outside of Manhattan below 96th Street. Needless to say we are not talking about relocation to Park Avenue apartments: most of the apartments would be outside of Manhattan, where many more family-size apartments are available for more reasonable market level rents. There would be a maximum fair market per room rent set for the entire city (to correspond with federal housing voucher limits), which would have the effect of excluding luxury apartments.

3. Would Private Landlords Rent to the Homeless?

When assured a reasonable market level rent, there should be little to deter a landlord from renting to one of these families particularly outside of lower Manhattan (luxury rent areas being excluded from the program because of the maximum rent limits). Another City-State program (EARP) has already arranged for almost 2,000 private apartments for homeless families in many diverse neighborhoods outside of Manhattan. Moreover, landlord resistance was not a major obstacle to the program's success in Massachusetts.

If necessary, New York could guarantee payment of the rent (including a reasonable reimbursement for any apartment damage or early vacancy), as was done in Massachusetts.

4. Will these apartments be decent?

Yes. The HRA worker who arranges for the placements will inspect the apartments first for safety and habitability before approving the lease for payment under the program. In most cases, the apartment will be re-painted before occupancy.

5. Which homeless families will be eligible?

In the first year of the program, only those families residing in the 14-15 welfare hotels at the start of the program will be eligible. If the program is successful, it could then be extended to the homeless families in the other hotels and shelters.

There are some families now in the welfare hotels which may not be acceptable as tenants to private landlords because of a combination of social problems, including disruptive behavior patterns, substance abuse, etc. Rehabilitated City-owned apartments linked with special support services would be used to relocate these families.

6. Won't the families still need some help after they have moved?

Each family being placed into a private apartment will receive an assessment within 48 hours of lease signing to determine what its needs will be for support services. In some cases, HRA should assign caseworkers to work with these families (on no more than a 1-20 basis) for at least 9 months. In other cases, the families would be "adopted" by local churches and synagogues in their new neighborhoods under the permanent housing assistance program of The Partnership For The Homeless ("Project Domicile"). Any additional personnel needed can easily be paid for by the substantial savings realized.

7. Won't the City still need these hotels for new homeless families?

No. For over the last six months, more homeless families have been leaving the City's network of hotels and family shelters than have been entering it. In addition, the City's recently issued Five Year Plan for Assisting Homeless Families projects enough alternate facilities to accommodate the anticipated new homeless families. In short, there should be no legitimate reason to ever use these 14-15 welfare hotels for homeless families again.

8. Can this be accomplished without some action or special help from the federal government?

Yes. HARP can be fully implemented by the City and State without any special approval or help from the federal government.

We all know that the federal government has for the past seven years turned its back on efforts to provide affordable housing for low-income households, thereby causing much of the growth in homelessness we have been experiencing. But we can't use the federal government's faults as an excuse not to do this program because the City and State have it within their means to do it themselves--as Massachusetts did.

9. Why hasn't HARP already been used to eliminate these welfare hotels?

We don't know and we were really puzzled by the failure of either the City or the State to give this program serious consideration when we presented it early last year--particularly in view of its success in Massachusetts. One can only guess that, like other new concepts, public officials and the bureaucracy tend to resist making any change unless forced to do so by public opinion and pressure. It will be the important task of all concerned New Yorkers to make sure that HARP is not ignored this time.

10. Why is The Partnership For The Homeless working to make HARP a priority?

The Partnership for the Homeless operates "the largest private permanent housing program for the homeless in the country "(N.Y. Times, 3/31/87). Under that program ("Project Domicile"), The Partnership has already helped almost 3,000 homeless relocate from these hotels and shelters into decent and affordable apartments. We therefore know first-hand how devastating conditions in these welfare hotels can be for the children--and why this must be stopped now.

The Partnership for the Homeless, Inc.

6 East 30th Street, New York, N.Y. 10016 • (212) 684-3444

PLEDGE OF SUPPORT

(Please fill out and mail to The Partnership For The Homeless at above address)

I (we) would like The Partnership For The Homeless to include me (and/or the organization listed below) as a supporter of the Homeless Accelerated Rehousing Program (HARP) to end the City's use of the welfare hotels to house homeless families in about one year.

(Please check one or all of the following where appropriate)

( ) When you start the petition drive and/or public demonstration campaign designed to pursuade the City and/or State to adopt and implement HARP, please send me (us) your petitions and other details.

( ) Please keep me informed of any further developments in convincing the City and/or State to adopt and implement HARP

( ) Please include me (us) on your mailing list.

Name: ----------

Name of Organization: ----------

Mailing Address: ----------
Street and Number

County State Zip Code

Telephone Number ----------
area code number

"We have a heart"

PLEASE MAIL THIS COMPLETED FORM TO US AT THE ABOVE ADDRESS.

STATEMENT OF CAROL LAMBERG, EXECUTIVE DIRECTOR
SETTLEMENT HOUSING FUND, INC., NEW YORK, N.Y.

STRATEGY REGARDING
PUBLIC ASSISTANCE RENT POLICIES
AND
THE FEDERAL THIRTY DAY LIMIT

Background on the Shelter Allowance:

One obvious cause of homelessness is that the Public Assistance shelter allowances are too low.

The New York Housing Conference has opposed the rent ceilings since 1970. At one point a law suit was initiated, and HUD (Bill Greeen was Regional Administrator) filed an Amicus brief. The complaint was that the ceilings prevented access by public assistance recipients to housing subsidies under the federal 236 and 221(d)(3) programs. In 1975, in the atmosphere of fiscal crisis, ceilings were established at the ninetieth percentile of the rent that public assistance families were paying in 1972. There was no attempt to eliminate rent controlled units, city-owned units or public housing from the statistical sample. Nassau, Suffolk and Westchester rents were set at considerably higher levels than New York City rents. The two increases in 1984 and 1987-88 (projected) were based on levels that in New York City originally were artificially low. The cost of operations was never a factor; only the 1972 percentile was considered, with percentage adjustments. Indexing for inflation and annual rent increases under the City's rent guidelines procedures were never applied to the ceiling maximums.

Transitional Housing

There have always been emergency cases in which families need transitional housing for periods ranging from a few days to over six months. The Henry Street Settlement and Amboy Neighborhood Center are nonprofit agencies which were established to provide emergency housing with social services. In recent years because of increased homelessness, barracks-type shelters and squalid hotels have been used by New York City for families. The average stay is thirteen months. Nonprofit agencies have been trying to replicate the Henry Street and Amboy facilities to prevent the use of hotels. The City has been excruciatingly slow in processing these projects.

The funding sources for transitional facilities are twofold; a) the Federal Emergency Assistance payment and b) the shelter portion of the Special Needs Grant which is part of the State's plan submitted annually to the U.S. Department of Health and Human Services.

The Federal Government pays for half of the cost of shelter; the State pays a quarter and the City pays a quarter. This is true for the basic shelter allowance, the Emergency Assistance shelter grant, and the Special Needs shelter grant. The same formula applies to services.

The Thirty Day Limit

The Social Security Act and HHS regulations permit emergency rent payments for up to thirty days. There is language (or policy) requiring that families be treated uniformly to provide equity in rent policies.

New York's emergency facilities, including hotels, nonprofit facilities, etc., do not comply with the federal statute or regulations. The statute has never been enforced. In late August, federal officials announced their intent to enforce the statute through new regulations. Draft regulations limit all emergency-type payments to 30 days in a 12 month period. The draft regulations were scheduled to be published in late September and to become effective 45 days later. *

A Possible Strategy

The 30 day limit would impose severe fiscal burdens on the City and State. Nonprofit agencies should join with the City and legislative leaders to fight the limit.

At the same time, we should try to get federal, state and city officials into one room where we would present our public assistance rent policies.

The following points should be covered:

1) Public assistance rent payments should be raised to cover the costs of operating standard, modest apartments. The HUD Section 8 existing Fair Market Rents should become the ceilings. Direct payments to owners should be paid for standard units. Owners would self-certify, with spot-checking and stiff fines for noncompliance.

2) Hotels and tier I shelters should be eliminated within three years.

3) Emergency-type payments should be used for up to eighteen months for nonprofit facilities where families live in apartment-type settings and receive adequate social services.

4) The federal, state, city, the private sector and nonprofit agencies should form a partnership to increase the supply of permanent housing for low and moderate income families. The City's proposed construction management program is a good model.

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* The regulations were published in Sept.

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